

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY

In the Matter of: )  
First National Bank of Lucedale )  
Lucedale, Mississippi )

CONSENT ORDER

The Comptroller of the Currency of the United States of America (Comptroller), through his/her National Bank Examiner, has examined First National Bank of Lucedale, Lucedale, Mississippi (Bank), and his/her findings are contained in the Report of Examination, dated September 30, 2000 (ROE).

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a “Stipulation and Consent to the Issuance of a Consent Order,” dated February 20, 2001, that is accepted by the Comptroller. By this Stipulation and Consent, that is incorporated by reference, the Bank has consented to the issuance of this Consent Order (Order) by the Comptroller.

Pursuant to the authority vested in him/her by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Board shall immediately appoint a Compliance Committee of at least three (3) directors, of which no more than one shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee shall be submitted

in writing to the Director for Special Supervision/Fraud. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the appointment of the Committee and every thirty (30) days thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) actions taken to comply with each Article of this Order; and
- (b) the results of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Director for Special Supervision/Fraud.

## ARTICLE II

### CAPITAL PLAN

(1) The Bank shall achieve by June 30, 2001, and thereafter maintain, the following capital levels (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to eight percent (8%) of risk-weighted assets;
- (b) Tier 1 capital at least equal to seven percent (7%) of adjusted total assets.<sup>1</sup>

(2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

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<sup>1</sup> Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets.

(3) Within thirty (30) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital plan. The plan shall include:

- (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available, including specific plans to sell, merge or liquidate the Bank; and
- (f) a dividend policy that permits the declaration of a dividend only:
  - (i) when the Bank is in compliance with its approved capital program;
  - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (iii) with the prior written approval of the Director for Special Supervision/Fraud.

(4) Upon completion, the Bank's capital plan shall be submitted to the Director for Special Supervision/Fraud for approval. Upon approval by the Director for Special Supervision/Fraud, the Bank shall implement and adhere to the capital plan. The Board shall review and update the Bank's capital plan on an annual basis, or more frequently if necessary.

Copies of the reviews and updates shall be submitted to the Director for Special Supervision/Fraud.

(5) In the event that the Bank is unable to comply with its approved capital plan as required by paragraph (3) of this Article, or in the absence of an approved capital plan, is unable to comply with the requirements of paragraph (1) of this Article, the Board shall immediately take all steps necessary to sell, merge or liquidate the Bank.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

### ARTICLE III

#### STAFFING PLAN

(1) Within ninety (90) days, the Board shall develop a staffing plan that is consistent with the goals and objectives established in the Bank's strategic plan and that accomplishes the overall risk profile established for the Bank. At a minimum, the plan will consist of the following:

- (a) description of the skills and expertise needed to develop, market, and administer the products identified in the Bank's strategic plan;
- (b) description of the skills and expertise of the Bank's current staff; and
- (c) comparison of the current staff's skills and expertise identified in (1) (b) of this Article to the skills and expertise identified in (1)(a) of this Article as necessary to develop, market, and administer the products that will be utilized in accomplishing the Bank's goals and objectives.

(2) Notwithstanding the above, within sixty (60) days, the Board shall appoint a qualified senior loan officer, who shall be responsible for the Bank's credit administration and lending

functions. On at least a monthly basis, the senior loan officer shall provide to the loan committee of the Board a written report that provides concise, accurate and adequate information regarding the status of the Bank's loan portfolio, changes in the practices and procedures of credit administration and the lending function, and lending staff performance. Each month, this information shall be presented to the full Board.

(3) Immediately following development of the staffing plan, the Board will implement the plan and direct any changes necessary to provide the Bank with a staff that possesses the skills and expertise identified in (1)(a) of this Article. Thereafter the Board will ensure that the Bank adheres to the staffing plan.

(4) Upon completion of the actions required by (1), the Board will provide a copy of its staffing plan to the Director for Special Supervision/Fraud for review.

(5) Prior to the appointment of any individual to an executive officer position, the Board shall submit to the Director for Special Supervision/Fraud the following information:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the Comptroller's Corporate Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer; and,
- (c) a written description of the proposed officer's duties.

(6) The Director for Special Supervision/Fraud shall have the power of veto over the employment of the proposed executive officer. However, failure to exercise such veto power shall not constitute an approval or endorsement of the proposed officer.

(7) The requirement to submit information and the prior veto provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

#### ARTICLE IV

##### NONACCRUAL LOANS

(1) The Bank shall immediately reverse or charge off all interest that has been accrued contrary to the requirements contained in the Instructions for Preparation of Consolidated Reports of Condition and Income (call report instructions) governing nonaccrual loans. Further, the Bank shall immediately reverse or charge off that portion of the remaining accrued interest on such loans that, when combined with principal, is not protected by sound collateral values.

(2) Within sixty (60) days, the Board shall adopt and implement written policies and procedures governing the supervision and control of nonaccrual loans. Such policies and procedures shall:

- (a) be consistent with the accounting requirements contained in the call report instructions;
- (b) address the circumstances under which accrued interest due on a loan may be added to the outstanding principal amount when the loan is renewed or restructured; and
- (c) require the monthly presentation to the Board of all loans meeting any of the nonaccrual criteria.

(3) Within sixty (60) days, the Board shall develop and implement a written policy that shall provide for auditing accrued interest on loans. The policy shall, at a minimum, provide for quarterly audits of loan accruals and incorporate procedures for periodically testing the Bank's

identification of nonaccrual loans as governed by the policy adopted pursuant to paragraph (1) above.

(4) Upon adoption, a copy of the written policies and procedures shall be forwarded to the Director for Special Supervision/Fraud and the Board shall thereafter ensure Bank adherence to all policies and procedures developed pursuant to this Article.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies developed pursuant to this Article.

## ARTICLE V

### CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and

(d) the actions the Bank will take to eliminate the basis of criticism, and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding fifty thousand dollars (\$50,000) shall be forwarded to the Director for Special Supervision/Fraud.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(5) The Board, or a designated committee, shall conduct a review, on at least a monthly basis, to determine:

(a) the status of each criticized asset or criticized portion thereof that equals or exceeds fifty thousand dollars (\$50,000);

(b) management's adherence to the program adopted pursuant to this Article;

(c) the status and effectiveness of the written program; and,

(d) the need to revise the program or take alternative action.

(6) A copy of each monthly review shall be forwarded to the Director for Special Supervision/Fraud.

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed fifty thousand dollars (\$50,000) only if each of the following conditions is met:

(a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing,



extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and,

- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

## ARTICLE VI

### CREDIT AND COLLATERAL EXCEPTIONS

(1) Within ninety (90) days, the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(2) Within ninety (90) days, the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

(3) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension of credit;

- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis, where loans are to be repaid from operations;
  - (i) Failure to obtain the information in (3)(d) shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information in (3)(d) would be detrimental to the best interests of the Bank.
  - (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank; and,
- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

## ARTICLE VII

### ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (Allowance) and shall establish a program for the maintenance of an adequate Allowance. This review and program shall be designed in light of the comments on maintaining a proper Allowance found in the Allowance for Loan and Lease Losses booklet, A-ALLL, of the Comptroller's Handbook, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal and/or external loan review;
- (b) an estimate of inherent loss exposure on each significant credit;

- (c) an estimate of inherent loss exposure on each credit in excess of fifty thousand dollars (\$50,000);
- (d) loan loss experience;
- (e) trends of delinquent and nonaccrual loans;
- (f) concentrations of credit in the Bank;
- (g) present and prospective economic conditions; and
- (h) specific comments set forth on page 12 of the ROE.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

## ARTICLE VIII

### INTERNAL AUDIT

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;

- (c) evaluate the Bank's adherence to established policies and procedures, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards, problem loan identification, loan classifications and accrual of interest;
- (d) ensure adequate audit coverage in all areas;
- (e) clearly document any deviations from the scope required by the program;
- (f) provide a system to follow-up on audit exceptions until they are corrected;
- (g) provide sufficient training of audit staff; and,
- (h) establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(4) The Board shall ensure that the audit function is supported by an adequate internal staff or outside firm, with respect to both the experience level and number of the individuals employed.

(5) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, or a committee composed of only outside directors, that shall have the sole power to direct their activities. All reports prepared by the audit staff, including status reports on

outstanding audit exceptions, shall be filed directly with the Board and not through any intervening party.

(6) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(7) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(8) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Director for Special Supervision/Fraud.

## ARTICLE IX

### INDEPENDENT LOAN REVIEW

(1) Within thirty (30) days, the Board shall employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely and independent identification of problem loans.

(2) Within thirty (30) days, the Board shall establish an effective, independent and on-going loan review system to review, at least quarterly, the Bank's loan portfolios to assure the timely identification and categorization of problem credits. The system shall provide for a written report to be filed with the Board after each review and shall use a loan grading system consistent with the guidelines set forth in Section 215 of the Comptroller's Handbook for National Bank Examiners. Such reports shall, at a minimum, include conclusions regarding:

- (a) the overall quality of the loan portfolios;
- (b) the identification, type, rating, and amount of problem loans;

- (c) the identification and amount of delinquent loans;
- (d) credit and collateral documentation exceptions;
- (e) the identification and status of credit related violations of law, rule or regulation;
- (f) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of the Article;
- (g) concentrations of credit;
- (h) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and,
- (i) loans and leases not in conformance with the Bank's lending policy, and exceptions to the Bank's lending policy.

(3) Within thirty (30) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program providing for independent review of problem loans in the Bank's portfolio for the purpose of monitoring portfolio trends, on at least a quarterly basis. The program shall require a quarterly report to the Board. At a minimum the program shall provide for an independent reviewer's assessment of the Bank's:

- (a) monitoring systems for early problem loan identification to assure the timely identification and rating of loans based on lending officer submissions;
- (b) statistical records that serve as a basis for identifying sources of problem loans, for example: by industry; size; collateral; division; group; indirect dealer; and individual lending officer;
- (c) system for monitoring previously charged-off assets and their recovery potential;
- (d) system for monitoring compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function; and,

(e) system for monitoring the adequacy of credit and collateral documentation.

(4) A written description of the program called for in this Article shall be forwarded to the Director for Special Supervision/Fraud upon implementation.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(6) The Board shall evaluate the independent loan review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(7) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be preserved in the Bank.

## ARTICLE X

### BOOKS AND RECORDS

(1) The Board shall immediately take all necessary actions to ensure that, within sixty (60) days, the Bank's books, records and management information systems (MIS) are restored to a complete and accurate condition.

(2) Within thirty (30) days, the Board shall submit to the Director for Special Supervision/Fraud an action plan detailing how the Board will restore the Bank's books, records and MIS to a complete and accurate condition, setting forth a timetable for implementing the plan. In the event the Director for Special Supervision/Fraud recommends changes to the action plan, the Board shall immediately incorporate those changes into the plan.

(3) The Board shall ensure that, once restored to complete and accurate condition, the Bank's books, records and MIS are maintained in a complete and accurate condition.

## ARTICLE XI

### MANAGEMENT INFORMATION SYSTEMS

(1) The Board shall develop, implement, and thereafter ensure Bank adherence to a written program establishing an effective management information system (MIS) which facilitates risk identification, establishes internal controls with well-defined separation of duties, and delivers accurate information for timely review. In so doing, the Board shall identify the Bank's specific information requirements, particularly regarding the loan portfolio, and establish effective reporting mechanisms to guide decisions. The program shall include procedures for:

- (a) expediting the timely delivery of current information;
- (b) establishing controls to ensure the accuracy of information;
- (c) ensuring that data are processed and compiled uniformly to facilitate meaningful trend analysis, and provide for future systems changes;
- (d) producing complete and relevant information in a summarized form, for Board and management reports, to permit effective decision making;
- (e) identifying, recording, and tracking missing, incomplete, or imperfect credit and collateral documentation, including missing or outdated appraisals and operating statements;
- (f) generating periodic reports, on at least a monthly basis which identify emerging problem loans, identified problem loans, Other Real Estate Owned (OREO), and foreclosed assets;
- (g) maintaining a system by which the Board, or a delegated committee of the Board, can identify at the time of extension of credit, the aggregate customer liability relationship of that customer with the Bank;



- (h) maintaining systems and reports which identify and analyze concentrations of credit, including letters of credit and other commitments, by type, collateral and location;
- (i) maintaining a system to calculate each concentration as a percentage of total capital;
- (j) identifying and recording exceptions to the Board's written loan policy; and,
- (k) producing the information, which is listed in the ROE, that is necessary to effectively supervise the loan portfolio.

(2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(3) As a part of the Board's ongoing responsibility to ensure that the Bank has an effective MIS, the Board shall designate a senior officer to coordinate the execution of this program.

(4) The Board shall submit a copy of the program to the Director for Special Supervision/Fraud.

## ARTICLE XII

### STRATEGIC PLAN

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in nonperforming assets, product line development and market segments that the Bank

intends to promote. The plan shall contain a description of the strategies the Bank will use to achieve these objectives and, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) an assessment of the Bank's present and future operating environment;
- (c) the development of strategic goals and objectives to be accomplished over the short and long term;
- (d) identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish strategic goals and objectives;
- (e) an action plan to improve the Bank's earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;;
- (f) a realistic and comprehensive budget, including projected balance sheets and year-end income statements;
- (g) a description of the assumptions that form the basis for major income and expense components;;
- (h) product line development and market segments that the Bank intends to promote or develop;
- (i) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment; and,
- (j) a system to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) The budget and related documents required in paragraph (1) above for 2001 shall be submitted to the Director for Special Supervision/Fraud upon completion. The Board shall submit to the Director for Special Supervision/Fraud annual budgets as described in paragraph (1) above for each year this Order remains in effect. The budget for each year shall be submitted on or before November 30, of the preceding year.

(3) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the Director for Special Supervision/Fraud on a monthly basis.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

### ARTICLE XIII

#### VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The monthly progress reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(3) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Director for Special Supervision/Fraud.

(5) The Board shall ensure that the Bank has policies, processes, personnel, and control systems to ensure implementation of and adherence to the procedures developed pursuant to this Article.

#### ARTICLE XIV

#### CONCLUSION

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval of the Director for Special Supervision/Fraud, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Director for Special Supervision/Fraud for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his/her authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

IT IS SO ORDERED, this 20 day of February, 2001.

/s/  
\_\_\_\_\_  
Ronald G. Schneck  
Director  
Special Supervision/Fraud

February 20, 2001  
\_\_\_\_\_  
Date

**UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

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**In the Matter of:** )  
First National Bank of Lucedale )  
Lucedale, Mississippi )

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**STIPULATION AND CONSENT TO THE ISSUANCE  
OF A CONSENT ORDER**

The Comptroller of the Currency of the United States of America (Comptroller) has initiated cease and desist proceedings against First National Bank of Lucedale, Lucedale, Mississippi (Bank) pursuant to 12 U.S.C. § 1818(b).

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated February 20, 2001 (Order);

In consideration of the above premises, the Comptroller, through his/her authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

**ARTICLE I**

**Jurisdiction**

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

## ARTICLE II

### Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller. The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

## ARTICLE III

### Waivers

- (1) The Bank, by signing this Stipulation and Consent, hereby waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
  - (b) any and all procedural rights available in connection with the issuance of the Order;
  - (c) all rights to seek any type of administrative or judicial review of the Order; and
  - (d) any and all rights to challenge or contest the validity of the Order.

## ARTICLE IV

### Other Action

(1) The Bank agrees that the provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, he/she deems it appropriate to do so to fulfill the responsibilities placed upon him/her by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his/her representative, has hereunto set his/her hand on behalf of the Comptroller.

/s/  
\_\_\_\_\_  
Ronald G. Schneck  
Director  
Special Supervision/Fraud

February 20, 2001  
\_\_\_\_\_  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/  
\_\_\_\_\_  
Edward R. Evans

February 20, 2001  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Franklin W. Hodges, Sr.

February 20, 2001  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
M. H. Pitts

February 20, 2001  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Dwight L. Rutland

February 20, 2001  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Harold Stringfellow

February 20, 2001  
\_\_\_\_\_  
Date

/s/  
\_\_\_\_\_  
Jack Ware

February 20, 2001  
\_\_\_\_\_  
Date