

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)	
)	
Georgia Community Bank)	OTS Order No.: ATL -2005- 06
Dalton, Georgia)	
OTS Docket No. 17928)	Dated: March 1, 2005

**STIPULATION AND CONSENT TO
PROMPT CORRECTIVE ACTION DIRECTIVE**

1. The Office of Thrift Supervision (OTS) has informed Georgia Community Bank, Dalton, Georgia, OTS No. 17928 (Institution), based upon information reported to OTS, that grounds exist to issue a Prompt Corrective Action Directive (PCA Directive) pursuant to Section 38 of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831o, and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, against the Institution. The Institution, in the interest of cooperation and to avoid the time and expense of pursuing further OTS administrative procedures for the issuance of a PCA Directive, stipulates and consents to the terms set forth in this Stipulation and Consent.
2. The Institution stipulates it is a federal savings association subject to the supervision and regulation by OTS. The Institution is a "savings association" as that term is used in the Home Owners' Loan Act (HOLA), 12 U.S.C. §§ 1461 *et seq.*, and an "insured depository institution" as defined in 12 U.S.C. §§ 1813(b) and 1813(c)(2). The Institution stipulates, as such, it is subject to OTS's authority to issue a directive to take prompt corrective action pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7.
3. The Institution consents, by execution of the Stipulation and Consent, to OTS's issuance of the accompanying PCA Directive. The Institution further agrees to comply with the terms of the PCA Directive.
4. The Institution consents, by execution of this Stipulation and Consent, to OTS's appointment of a conservator or receiver or other legal custodian for the Institution at any time that the Institution is "critically undercapitalized" and until such time as the Institution becomes "adequately capitalized" as determined pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, and Section 565.4 of the OTS Regulations, 12 C.F.R. § 565.4. The Institution hereby waives its rights to seek judicial review of such appointment.
5. The Institution, by execution of this Stipulation and Consent, authorizes OTS to provide otherwise confidential information about the Institution to third parties to facilitate the

possible acquisition of the Institution by a qualified buyer, sale of the Institution's assets or the purchase of the Institution's branches, or the possible merger of the Institution with a qualified merger partner.

6. The Institution, by execution of this Stipulation and Consent, authorizes the Federal Deposit Insurance Corporation (FDIC) to provide otherwise confidential information to third parties to facilitate the liquidation or other resolution of the Institution in anticipation of the possible appointment of FDIC as conservator, receiver, or other legal custodian. The Institution hereby agrees that upon notification that it is "critically undercapitalized" pursuant to Section 565.3 of the OTS Regulations, 12 C.F.R. § 565.3, the Institution will cooperate fully with FDIC to avoid a loss or otherwise minimize exposure to the insurance fund. Such cooperation includes, but is not limited to, responding to requests for information, providing full access to personnel, agents and service providers, and accommodating on-site visits. Nothing herein shall be interpreted to preclude such cooperation with FDIC at any time prior to such time as the Institution may be notified that it is "critically undercapitalized".
7. The attached PCA Directive is effective upon issuance. The Institution acknowledges that the PCA Directive is enforceable pursuant to Section 5(d) of HOLA, 12 U.S.C. § 1464(d), and Section 8 of FDIA, 12 U.S.C. § 1818.
8. The Institution hereby waives the following:
 - (a) its rights to pursue OTS's administrative process for issuance of the accompanying PCA Directive pursuant to 12 C.F.R. § 565.7;
 - (b) any and all rights it might otherwise have pursuant to federal law or regulations (including, but not limited to, 12 U.S.C. § 1831o and 12 C.F.R. § 565.7) in connection with issuance of the PCA Directive;
 - (c) its right to seek judicial review of the PCA Directive, including, but not limited to, any such right provided by Section 8(h) of FDIA, 12 U.S.C. § 1818(h); and
 - (d) its right to challenge or contest in any manner the basis, issuance, validity or enforceability of the PCA Directive or any provision thereof.
9. The April 26, 2004 Supervisory Agreement remains in effect.
10. (a) The laws of the United States of America shall govern the construction and validity of this Stipulation and Consent and the Directive.
 - (b) All references to OTS in this Stipulation and Consent and the Directive also shall mean any of the OTS's predecessors, successors, and assigns.

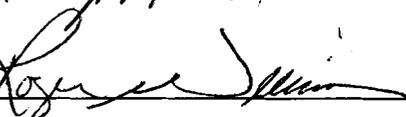
(c) To the extent this Stipulation and Consent and Directive may be deemed an agreement, the written terms herein and in the accompanying Directive represent the final and sole binding written terms of such agreement with respect to the subject matters addressed therein.

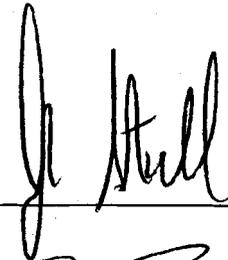
11. Each Director signing this Stipulation attests that s/he voted in favor of the resolution authorizing the execution of the Stipulation.

Georgia Community Bank
Dalton, Georgia
OTS No. 17928

By:  _____

By:  _____

By:  _____

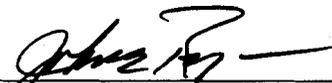
By:  _____

By:  _____

By: _____

Accepted By:

Office of Thrift Supervision

By:  _____
John E. Ryan
Southeast Regional Director

Date: _____

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

Georgia Community Bank)

Dalton, Georgia)

OTS Docket No. 17928)

OTS Order No.: ATL-2005-06

Dated: March 1, 2005

PROMPT CORRECTIVE ACTION DIRECTIVE

WHEREAS, Georgia Community Bank, Dalton, Georgia (Institution), is a federally chartered savings Institution that is regulated by the Office of Thrift Supervision (OTS); and

WHEREAS, Section 38 of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1831o, and Part 565 of the OTS Regulations, 12 C.F.R. Part 565, require institutions that are undercapitalized to file a capital restoration plan specifying the steps the institution will take to become at least adequately capitalized; and

WHEREAS, Section 38 of FDIA, 12 U.S.C. § 1831o, requires OTS to take prompt corrective action to resolve the problems of insured depository institutions at the least possible long-term loss to the deposit insurance fund; and

WHEREAS, Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, provides for OTS's issuance of directives to take prompt corrective action to resolve the problems of insured depository institutions and to restore their capital; and

WHEREAS, OTS, on September 24, 2004, notified the Institution that it was significantly undercapitalized for purposes of the prompt corrective action provisions of Section 38 of FDIA, 12 U.S.C. § 1831o; and

WHEREAS, the Institution also is not in compliance with the capital standards required by Section 5(t) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(t); and

WHEREAS, Section 5(t)(6)(B)(ii) of HOLA, 12 U.S.C. § 1464(t)(6)(B)(ii), requires any institution not in compliance with the capital standards to comply with a capital directive issued by OTS; and

WHEREAS, on October 25, 2004, the Institution submitted to OTS a capital restoration plan that was subsequently amended on December 20, 2004 (Capital Plan); and

WHEREAS, OTS issued a Notice of Intent to Issue this Directive on February 17, 2005 and has determined to issue this Directive in order to carry out the purposes of Section 38 of FDIA, 12 U.S.C. § 1831o, to resolve the Institution's capital deficiency at the least long-term loss to the depository insurance fund;

WHEREAS, OTS has considered the Institution's capital deficiency, the Capital Plan, in accordance with Section 567.10 of the OTS Regulations, 12 C.F.R. § 567.10, and Section 38(e)(2) of FDIA, 12 U.S.C. § 1831o(e)(2) and conditionally approves the Capital Plan as set forth in a letter to the Institution, dated February 17, 2005; and

WHEREAS, the Institution's execution of the Stipulation to this Prompt Corrective Action Directive (Directive) is a condition imposed in writing in connection with the approval of the Institution's Capital Plan; and

WHEREAS, the Institution and its Board of Directors, by execution of the attached Stipulation and Consent (Stipulation) to the issuance of this Directive, the terms of which are incorporated herein by this reference, have stipulated and consented to the issuance of the Directive; and

WHEREAS, OTS having issued a Notice of Intent to issue this Directive on February 17, 2005, and having considered the response thereto filed by the Institution, has determined to issue this Directive in order to resolve the Institution's problems at the least long term cost to the deposit insurance fund, thereby effectuating the purpose of Section 38 of FDIA, 12 U.S.C. § 1831o;

NOW THEREFORE, pursuant to Section 38 of FDIA, 12 U.S.C. § 1831o, including but not limited to subsection (f) thereof, Section 5(t)(6)(B)(ii) of HOLA, 12 U.S.C. § 1464(t)(6)(B)(ii), and Section 565.7 of the OTS Regulations, 12 C.F.R. § 565.7, OTS directs the Institution and its Board of Directors to do the following:¹

PART I – IMPROVING CAPITAL

Section 1.1 Capital Plan.

The Institution shall comply with the terms of its Capital Plan, including any amendments thereto approved by the Southeast Regional Director of OTS (Regional Director).

¹ OTS must impose one or more of the presumptive restrictions set forth in 12 U.S.C. § 1831o(f), especially 12 U.S.C. § 1831o(f)(3) and (4) if (1) the institution is significantly or critically undercapitalized, (2) is undercapitalized and did not submit an acceptable capital restoration plan or (3) the institution fails to implement an approved plan. Critically undercapitalized are also subject to restrictions in 12 U.S.C. § 1831o(i).

Section 1.2 Required Merger, Acquisition, or Sale.

Pursuant to 12 U.S.C. §§ 1831o(f)(2)(A)(iii), and (e)(5), the Institution must be recapitalized by (i) merging with or being acquired² by another financial institution, financial holding company, or other entity³, (ii) the sale of all or substantially all of the Institution's assets and liabilities to another financial institution, financial institution holding company, or other entity, or (iii) the Institution's holding company, Georgia Community Bancshares, Inc. (the Holding Company), merging with or being acquired by another financial institution, financial holding company, or other entity, prior to July 1, 2005. The Institution shall submit a binding merger or acquisition agreement to OTS by March 31, 2005. The Institution's management and Board of Directors shall take appropriate steps to accomplish such merger, acquisition or sale. OTS is imposing this restriction pursuant to 12 U.S.C. § 1831o(e)(5), based upon its determination that the restriction is necessary to carry out the purpose of 12 U.S.C. § 1831o.

Section 1.3 Efforts to Obtain Capital.

The Board of Directors of the Institution shall at all times make diligent and good faith efforts to cause the Institution to comply with Sections 1.1 and 1.2. For purposes of this Directive, diligent and good faith efforts to seek capital shall include, but not be limited to, the following:

- A. Authorize and direct appropriate Institution officers to take appropriate actions consistent with the Institution's obligations under Sections 1.1 and 1.2, which include, but are not limited to, taking all reasonably practicable steps to remove impediments to increasing capital;
- B. Cause the Institution to hire such professionals as are necessary and appropriate to fulfill the Institution's obligations under Sections 1.1 and 1.2;
- C. Cause the Institution to share appropriate information about itself with potential acquirors, merger partners or purchasers, including, but not limited to, any such potential acquiror, merger partner or purchaser identified or referred to the Institution by OTS or Federal Deposit Insurance Corporation (FDIC); and

² For purposes of this Directive, "acquired" may include any change of control, as defined in the OTS's regulations at 12 C.F.R. Part 574, which would result in the recapitalization of the Institution as contemplated under the Capital Plan.

³ For the purposes of this Directive, "other entity" may include but is not limited to an individual, a group of individuals, a partnership, a corporation, or any other form of business organization that may, under applicable statutes and regulations, merge with or acquire the Institution or the Holding Company or purchase all or substantially all of the assets and liabilities of the Institution or the Holding Company.

- D. Inform OTS and FDIC, in writing, of (i) all efforts the Institution has made to seek capital and (ii) all expressions of interest by prospective investors, acquirors, or merger candidates, including referrals from OTS or FDIC by the first business day of each calendar month following the Effective Date of this Directive.

OTS requires these actions, pursuant to 12 U.S.C. § 1831o(f)(2)(J), having determined that such actions will better carry out the purposes of 12 U.S.C. § 1831o.

Section 1.4 Prior Notice Required; Change in Status.

- A. The Institution shall not issue any securities; enter into any agreement or understanding to merge, consolidate, sell all or substantially all of its assets and liabilities; or enter into any agreement of understanding to reorganize; or otherwise be acquired unless (i) the Institution has provided OTS with prior written notice of its intention to take such action, and (ii) following such notice, OTS has provided the Institution with prior written notice of its non-objection to the proposed action by the Institution.
- B. Upon notification that it is “critically undercapitalized” pursuant to 12 C.F.R. § 565.3, the Institution will cooperate fully with FDIC efforts to avoid a loss or otherwise minimize exposure to the insurance fund. Such cooperation includes, but is not limited to, responding to requests for information, providing full access to personnel, agents and service providers, accommodating on-site visits, and permitting FDIC to provide otherwise confidential information to third parties to facilitate the liquidation or other resolution of the Institution in anticipation of the possible appointment of FDIC as conservator, receiver, or other legal custodian. Nothing herein shall be interpreted to preclude such cooperation with FDIC at any time prior to such time, as the Institution may become “critically undercapitalized.”
- C. OTS directs these actions pursuant to 12 U.S.C. § 1831o(f)(2)(J) and based upon a determination by OTS that such actions will better carry out the purposes of 12 U.S.C. § 1831o.

Section 1.5 OTS Marketing Efforts.

In accordance with Paragraph 5 of the accompanying Stipulation, the Institution agrees to the following in connection with OTS’s efforts to assist in the possible merger, acquisition or sale of the Institution by or to qualified parties, upon notification that the Institution is “critically undercapitalized”:

- A. OTS, acting through its authorized representatives, is hereby authorized to market the Institution to prospective acquirors, merger partners or buyers (hereinafter, buyers) using OTS’s marketing procedures and to receive and evaluate all offers submitted for acquisition of the Institution, provided, however that upon receipt of documentation acceptable to the Regional Director in his sole discretion, that the Institution’s capital position, pursuant to 12 U.S.C. § 1831o and all applicable regulations, is “adequately

capitalized” or better, the Institution’s consent to the appointment of a conservator or receiver, or other legal custodian, in accordance with Paragraph 4 of the Stipulation, as well as the Institution’s agreement to approve any offer, as outlined at subparagraph (D) below, shall be suspended;

- B. The Board of Directors shall direct the Institution and its agents and employees to take all reasonable steps to assist OTS in marketing the Institution. Such assistance shall include, but not be limited to, preparing an updated marketing package and assisting eligible buyers in conducting due diligence examinations of the Institution;
- C. OTS, acting through its authorized representatives, is permitted to negotiate a plan of merger, consolidation, transfer of the Institution’s assets and liabilities, reorganization, acquisition or capital infusion (Plan of Combination or Reorganization) on behalf of the Institution, and to draft proposed documents for any such Plan of Combination or Reorganization;
- D. The Board of Directors shall immediately take under consideration any reasonable offer to enter into a Plan of Combination or Reorganization (hereinafter collectively, Offer) that is forwarded and recommended to the Board of Directors by OTS, and shall promptly approve any such Offer that protects the interests of the depositors, creditors and borrowers of the Institution;
- E. The Board of Directors shall recommend to the shareholders of the Institution any Offer approved by the Board of Directors pursuant to subparagraph (D) above, if approval of the Offer by the shareholders, or any portion thereof, is legally required; and
- F. Upon receipt of any necessary approvals pursuant to subparagraphs (D) and (E) above and at the direction of OTS, the Institution shall take all corporate actions necessary to accept the Offer and consummate the Plan of Combination or Reorganization.

OTS is imposing these provisions pursuant to 12 U.S.C. § 1831o(f)(2)(J) based on its determination that these provisions will better carry out the purposes of 12 U.S.C. § 1831o.

Section 1.6 Reports of Compliance.

- A. No later than thirty (30) days following the end of each calendar month, management of the Institution shall prepare, and the Board of Directors of the Institution shall review, a written report concerning the Institution’s compliance with the requirements of the capital restoration plan and other requirements of this Directive during the preceding month. The report and review shall include verification of the Institution’s prompt corrective action capital category and confirmation that the Institution is in compliance with: (i) all restrictions that apply automatically to an institution in that category, and (ii) with the other restrictions and requirements contained in this Directive. The Institution shall document this review in the minutes of the meeting of the Board of Directors. All documentation considered by the Board of Directors in performing its

review shall be explicitly referenced in the minutes of the meeting at which the review was undertaken.

- B. By no later than five (5) days after each monthly Board of Directors meeting, the Institution shall submit the following documents to OTS in a format acceptable to OTS, which may include reports to and responses from the Board of Directors documented in the Board of Directors meeting minutes:
1. variance reports for: (a) targets established by Sections 1.1 and 1.2, and (b) each of the operating restrictions imposed in Part II of this Directive;
 2. confirmation of the Institution's compliance with this Directive or a description of any instance of noncompliance with any of the Institution's obligations under this Directive and the specific measures undertaken to cure such noncompliance; and
 3. if requested, copies of the minutes of the Institution's Board of Directors supporting actions taken to comply with Sections 1.1, 1.2, and 1.3 of this Directive.
- C. The Board of Directors shall provide OTS a written biweekly report updating in detail the status of its efforts to (i) merge with or be acquired by another financial institution, financial institution holding company or other entity, or (ii) sell all or substantially all of the Institution's assets and liabilities to another financial institution, financial institution holding company or other entity. The biweekly status report shall provide a summary of actions, during the immediately preceding two weeks, taken by the Institution and its Board of Directors and executive officers in furtherance of the Institution's efforts to arrange a merger, acquisition, or sale, as required by Sections 1.1 and 1.2. The first biweekly status report should be delivered to OTS on the second Friday after the Effective Date of this Directive and subsequent reports should be delivered to OTS every other Friday following the delivery of the first report. The Board of Directors will continue to provide biweekly status reports to OTS until directed otherwise by the Regional Director.
- D. OTS directs the actions required by this Section 1.6 pursuant to 12 U.S.C. § 1831o(f)(2)(J), and based upon a determination by OTS that such action will better carry out the purposes of 12 U.S.C. § 1831o.

Section 1.7 Adequate Progress.

If OTS, in its sole discretion, determines that the Institution is failing to make adequate progress toward achieving the requirements set forth in Sections 1.1 and 1.2 above, OTS may take such further supervisory, enforcement, or resolution action as it deems appropriate.

PART II – OPERATING RESTRICTIONS

MANDATORY RESTRICTIONS

Section 2.1 Compliance with Mandatory Restrictions.

- A. The Institution shall comply with all of the mandatory prompt corrective action provisions set forth in 12 U.S.C. § 1831o and 12 C.F.R. § 565.6 that automatically apply to the Institution based upon the Institution's prompt corrective action capital category. These provisions are set forth as follows:
1. No capital distributions may be made without the prior written approval of OTS if: (a) the Institution is not adequately capitalized, or (b) after making the distribution, the Institution would be undercapitalized. 12 U.S.C. § 1831o(d)(1); 12 C.F.R. §§ 565.6(a)(1) and (a)(2)(i).
 2. No management fees may be paid to any person having control of the Institution if: (a) the Institution is not adequately capitalized, or (b) after making the payment, the Institution would be undercapitalized. 12 U.S.C. § 1831o(d)(2); 12 C.F.R. §§ 565.6(a)(1) and (a)(2)(i).
 3. The Institution may not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding quarter unless (a) OTS has accepted the Institution's capital restoration plan, (b) the increase in assets is consistent with the plan, and (c) the Institution's ratio of tangible equity to assets increases during the calendar quarter at a rate sufficient to enable the Institution to become adequately capitalized within a reasonable time. 12 U.S.C. § 1831o(e)(3); 12 C.F.R. § 565.6(a)(2)(iv).
 4. The Institution may not, directly or indirectly, acquire any interest in any company or insured depository institution, establish or acquire any additional branch office, or engage in any new line of business, unless (a) OTS has accepted the Institution's capital restoration plan, the Institution is in compliance with the plan, and OTS determines that the action is consistent with, and will further achievement of the plan, or (b) the FDIC's Board of Directors approves the action. 12 U.S.C. § 1831o(e)(4); 12 C.F.R. § 565.6(a)(2)(v).
 5. The Institution may not accept, renew or roll over any brokered deposit. 12 U.S.C. § 1831f(a); 12 C.F.R. § 337.6(b)(3). The Institution shall make disclosures to all employee benefit plan depositors within ten business days of the date that it is deemed to have notice of its PCA capital category. The disclosure must state that new, rolled-over, or renewed plan deposits are ineligible for pass-through FDIC deposit insurance for as long as the Institution remains undercapitalized, or fails to obtain a brokered-deposit waiver upon becoming adequately capitalized. 12 C.F.R. § 330.14(h) and OTS Regulatory Bulletin 33a, dated March 13, 1996.

6. The Institution shall monitor its compliance with the applicable requirements of 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 565.
 7. The Institution may not, without the OTS's prior written approval (a) pay any bonus to any senior executive officer, or (b) provide compensation to any senior executive officer exceeding that officer's average rate of compensation (excluding bonuses, stock options, and profit-sharing) during the 12 calendar months preceding the calendar month in which the Institution became undercapitalized. 12 U.S.C. § 1831o(f)(4); 12 C.F.R. § 565.6(a)(3).
- B. If the Institution's PCA capital category deteriorates to a lower level, the Institution shall comply with the above restrictions, as well as all of the additional mandatory prompt corrective action provisions applicable to its lower PCA capital category.
- C. If the Institution should improve from a lower to a higher PCA capital category, it must continue to comply with the previously applicable mandatory sanctions of the lower category, until such time as approval to cease compliance with the lower category sanctions is requested of, and received from OTS.
- D. To the degree that any restriction contained in any subsequent Section of this Directive is imposed pursuant to 12 U.S.C. § 1831o(f)(2), the OTS hereby imposes this restriction pursuant to 12 U.S.C. § 1831o(e)(5), based upon the determination that the restriction is necessary to carry out the purpose of 12 U.S.C. § 1831o.

INTEREST RATES

Section 2.2 Restrictions on Interest Rates; Brokered Deposits.

- A. The Institution shall restrict the rates it pays on deposits to the prevailing rates of interest on deposits of comparable amounts and maturities in the Institution's normal market area. Nothing herein shall be construed as requiring a reduction of rates paid on outstanding time deposits prior to their renewal. OTS is imposing this restriction pursuant to 12 U.S.C. § 1831o(f)(2)(C).
- B. Notwithstanding the foregoing restrictions, the Institution may pay interest rates that exceed the interest rates that would be permitted under the foregoing restrictions provided that: (i) the interest rates are within the limitations of 12 C.F.R. § 337.6; and (ii) the interest rates are necessary to most effectively manage the Institution's weighted average cost of funds, giving consideration to the Institution's liquidity requirements.
- C. The Institution shall comply with the restrictions set forth in 12 U.S.C. § 1831f and 12 C.F.R. §§ 337.6 and 330.14(b).

GROWTH AND SHRINKAGE

Section 2.3 Growth Restrictions.

Pursuant to 12 U.S.C. § 1831o(e)(3), the Institution shall not permit its average total assets during any calendar quarter to exceed its average total assets during the preceding quarter unless: (i) OTS has accepted the Institution's Capital Plan; (ii) any increase in total assets is consistent with such Capital Plan, and (iii) the Institution's ratio of tangible equity to assets increases during the quarter at a rate sufficient to make the Institution adequately capitalized by July 1, 2005. OTS is imposing this restriction pursuant to 12 U.S.C. § 1831o(e)(3).

ADDITIONAL OPERATING RESTRICTIONS

Section 2.4 Other Restrictions Imposed Pursuant to 12 U.S.C. § 1831o(f)(5).

Pursuant to 12 U.S.C. § 1831o(f)(5), and based upon a determination by OTS that the imposition of certain restrictions described in 12 U.S.C. § 1831o(i), is necessary to carry out the purposes of Section 38 of FDIA, the Institution is hereby prohibited from doing any of the following without OTS's prior written consent:

- A. Entering into any material transaction other than in the usual course of business, including any investment, expansion, acquisition, sale of assets, or other similar action with respect to which the Institution is required to provide prior notice to OTS;
- B. Extending credit for any highly leveraged transaction;
- C. Amending the Institution's charter or bylaws, except to the extent necessary to carry out any other requirement of any law, regulation, or order;
- D. Making any material change in accounting methods;
- E. Engaging in any covered transaction (as defined in 12 U.S.C. § 371c(b)(7));
- F. Paying excessive compensation or bonuses; and
- G. Paying interest on new or renewed liabilities at a rate that would increase the Institution's weighted average cost of funds to a level significantly exceeding the prevailing rates of interest on insured deposits in the Institution's normal market areas.

CORRESPONDENT BANKING

Section 2.5 Limits On Deposits From Correspondent Banks.

Pursuant to 12 U.S.C. § 1831o(f)(2)(G), the Institution shall not accept deposits, or renewals or roll-overs of prior deposits, from correspondent depository institutions without

OTS's prior written approval.

MANAGEMENT AND COMPENSATION

Section 2.6 Limits on Compensation and Benefits.

Pursuant to 12 U.S.C. §§ 1831o(f)(2)(J), (f)(4), and (f)(5), based upon a determination by OTS that the following restrictions will better carry out the purpose of 12 U.S.C. § 1831o, the Institution is hereby directed:

- A. Not to provide any compensation or other direct or indirect benefits to directors (which shall include directors emeritus or honorary directors for purposes of this Section), officers or employees beyond those determined reasonable and prudent for a capital deficient institution. Such compensation for directors and other employees shall be in accordance with 12 C.F.R. § 563.161(b), Appendix A to 12 C.F.R. Part 570, and current OTS guidance;
- B. Not to enter into, modify, or renew any agreement or employment contract with or increase the compensation of or severance pay for any senior executive officer or director of the Institution without OTS's prior written approval;
- C. Not to incur any compensation or benefit expense for items or services that do not have an immediate, direct relationship to the performance of any individual's duties; except for expenses incurred for employee pension/profit sharing/retirement plans and health and medical plans in existence as of the effective date of this Directive;
- D. Not to make any "golden parachute payment" as that term is defined in 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359, except in accordance with that statute and regulation; and
- E. Not to purchase any bank owned life insurance without the Regional Director's prior written approval.

MANAGEMENT CHANGES

Section 2.7 Changes in Directorate or Management.

Pursuant to 12 U.S.C. § 1831o(f)(2)(F), the Institution shall provide OTS at least thirty (30) days prior written notice of the addition of any director or senior executive officer, including a change in responsibilities in any existing senior executive officer, and obtain approval of said director or officer, in accordance with 12 U.S.C. § 1831i and 12 C.F.R. § 563.560.

THIRD PARTY CONTRACTS

Section 2.8 Restrictions on Third Party Contracts.

Pursuant to 12 U.S.C. § 1831o(f)(2)(E), in order to reduce excessive risk posed to the Institution by certain third party contracts outside the normal course of business, the Institution is hereby prohibited from entering into any third party contracts, as set forth in Section 310 of OTS Thrift Activities Handbook, without the prior written approval of the OTS.

RELIEF FROM RESTRICTIONS

Section 2.9. Process for Exemptions from Restrictions.

- A. The Institution may submit written requests to OTS, requesting OTS to issue a notice of non-objection for the purpose of either relieving the Institution from certain restrictions hereunder, or requesting OTS to provide notice of supervisory non-objection with respect to a particular specifically identified transaction, loan, or investment.
- B. Requests for written notice of OTS's non-objection pursuant to subsection (A) above must be accompanied by a resolution of the Board, signed by each individual member of the Board voting in favor of the resolution. All documentation considered by the Board in adopting each such resolution shall be explicitly referenced in the minutes of the meeting at which the resolution was adopted and shall be made available to OTS representatives upon request.

PART III - GENERAL PROVISIONS

Section 3.1 Jurisdiction.

This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

Section 3.2 Definitions.

- A. All technical words or terms used in this Directive, for which meanings are not specified or otherwise provided by the provisions of this Directive, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA, OTS Bulletins, or OTS Thrift Activities Handbook. Any such technical words or terms used in this Directive and undefined in Code of Federal Regulations, HOLA, FDIA, OTS Bulletins or OTS Thrift Activities Handbook shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.
- B. The term "Effective Date" has the meaning set forth in Section 3.11 of this Directive.

Section 3.3. Successor Statutes, Regulations, Guidance Amendments.

Reference in this Directive to provisions of statutes and regulations shall be deemed to include references to all amendments to such provisions as have been made as of the effective date hereof and references to successor provisions as they become applicable.

Section 3.4. Notices.

Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Directive to be made upon, given or furnished to, delivered to, or filed with OTS or the Institution shall be in writing and sent by first class U.S. mail (or by reputable overnight courier, electronic facsimile transmission, or hand delivery via messenger) addressed as follows:

OTS: Southeast Region
1475 Peachtree Street, NE
Atlanta, Georgia 30309
Attn: John E. Ryan, Regional Director

Institution: Georgia Community Bank
111 N. Pentz Street
Dalton, Georgia 30720
Attn.: Board of Directors
c/o R. Wayne Russell, President and CEO

Section 3.5. Duration, Termination or Suspension of the Directive.

- A. The terms and provisions of this Directive shall be binding upon the Institution and its successors in interest.
- B. The Directive shall remain in effect until terminated, modified or suspended in writing by the OTS.
- C. OTS, in its discretion, may, by written notice, suspend any or all provisions of the Directive, except for Section 2.1 (Mandatory Restrictions).

Section 3.6 Effect of Headings.

The Part and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 3.7. Separability Clause.

In case any provision in this Directive is ruled to be invalid, illegal or unenforceable by the decision of any court of competent jurisdiction, the validity, legality and enforceability of the

remaining provisions hereof shall not in any way be affected or impaired thereby unless OTS, in its sole discretion, determines otherwise.

Section 3.8. No Violations Authorized; Consequences of Directive.

- A. Nothing in this Directive, including, without limitation, any of the timeframes for actions set forth in Part I, shall be construed as: (i) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject or (ii) restricting OTS from taking such actions as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, actions pursuant to 12 U.S.C. § 1831o, or taking any other type of supervisory, enforcement, or resolution action that OTS determines to be appropriate.
- B. OTS's conditional approval of the Capital Plan does not (i) constitute approval of contemplated actions or transactions for which a separate application, filing or notification is required prior to engaging in an activity contemplated by the Capital Plan; (ii) prevent the revocation of conditional approval of the Capital Plan upon the discovery of other or additional facts that OTS determines warrants such action, including, but not limited to, any material adverse findings disclosed in any examination of the institution or any material change in the assumptions underlying the Plan; (iii) indicate adoption of the institution's assumptions or predictions underlying or set forth in the Capital Plan, nor do such assumptions or predictions bind OTS; or (iv) prohibit OTS from requiring modifications and/or amendments of the Capital Plan as OTS determines necessary.

Section 3.9 Other Enforcement Documents.

The Supervisory Agreement issued by OTS against the Institution on April 26, 2004 remains in effect.

Nothing contained in this Directive shall affect or limit OTS's ability to take enforcement action in connection with any violation of the April 26, 2004 Supervisory Agreement.

Section 3.10. Incorporation of Stipulation

The Stipulation is made a part hereof and is incorporated herein by this reference.

Section 3.11. Effective Date of This Directive.

This Directive (including all the requirements and limitations herein) is effective immediately on the date of issuance of the Directive (Effective Date), which is the date indicated below.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: 
John E. Ryan
Southeast Regional Director

Dated: March 1, 2005