

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

| | | |
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| In the Matter of |) | |
| |) | |
| JEFFREY L. GENDELL and |) | |
| TONTINE MANAGEMENT, L.L.C. |) | |
| |) | Order No. ATL-2005-16 |
| Institution-Affiliated |) | Order No. ATL-2005-17 |
| Parties of: |) | |
| |) | Dated: July 5, 2005 |
| SOUTHFIRST BANCSHARES, INC. |) | |
| SYLACAUGA, ALABAMA |) | |
| and Other Savings and |) | |
| Loan Holding Companies |) | |

**STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF AND
AN ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY**

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed Jeffrey L. Gendell and Tontine Management, L.L.C. ("Respondents"), institution-affiliated parties of: (i) SouthFirst Bancshares, Inc. Sylacauga, Alabama; (ii) Lexington B & L Financial Corporation, Lexington, Missouri; and (iii) Homestead Bancorp, Inc., Ponchatoula, Louisiana ("the Financial Entities") that grounds exist to initiate an administrative cease and desist proceeding and assess a civil money penalty against them pursuant to 12 U.S.C. §§ 1467a(i)(2), 1818(b), and 1818(i);¹ and

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

WHEREAS, Respondents desire to cooperate with OTS and to avoid the time and expense of such administrative proceeding by entering into this Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief and an Order of Assessment of Civil Money Penalty ("Stipulation and Consent); and

WHEREAS, Respondents enter into this Stipulation and Consent: (i) without any adjudication on the merits; (ii) without admitting or denying that grounds exist to initiate cease and desist proceedings or civil money penalty proceedings, except as to Jurisdiction (paragraph 1, below), which is admitted; (iii) without admitting or denying the OTS Findings of Fact (paragraph 2, below); and (iv) solely for the purpose of settling this matter in accordance with Rule 408 of the Federal Rules of Evidence and equivalent state provisions;

NOW, THEREFORE, on these premises, Respondents stipulate and agree as follows:

1. Jurisdiction. (a) Each Financial Entity is a "savings and loan holding company" within the meaning of 12 U.S.C. § 1813(w)(3) and 12 U.S.C. § 1467a(a)(1)(D). Accordingly, each is a "depository institution holding company" as that term is defined in 12 U.S.C. §§ 1813(w) and 1813(c);

(b) Respondents are "institution-affiliated parties" of the Financial Entities, as that term is defined in 12 U.S.C. § 1813(u);

(c) Respondent Tontine Management, L.L.C. is a “company” within the meaning of 12 U.S.C. § 1467a(a)(1)(C);

(d) Pursuant to 12 U.S.C. §§ 1813(q) and 1818(b)(9), the Director of the OTS is the “appropriate Federal banking agency” to maintain an administrative cease and desist proceeding against savings associations, savings and loan holding companies, or their institution-affiliated parties. Pursuant to 12 U.S.C. § 1467a(i)(2), the Director of the OTS is the appropriate person to maintain an administrative civil money penalty assessment proceeding against companies. Therefore, Respondents are subject to the jurisdiction of OTS to initiate and maintain a cease and desist proceeding against them pursuant to 12 U.S.C. § 1818(b) and assess a civil money penalty against them pursuant to 12 U.S.C. § 1467a(i)(2) and § 1818(i). The Director of OTS has delegated to the Regional Director of the Southeast Region of OTS or his designee (“Regional Director”) the authority to issue cease and desist orders and orders of assessment of civil money penalties where the individual or entity has consented to the issuance of the orders.

2. OTS Findings of Fact. OTS finds that:

(a) At all times relevant hereto, Respondent Tontine Management, L.L.C. was a “company” and Respondent Jeffrey L. Gendell was a “person” pursuant to 12 C.F.R. § 574.2 of the OTS control regulations, which are issued by OTS pursuant to Section 10(e) of the Home Owners’ Loan Act, 12 U.S.C. § 1467a(e).

(b) At all time relevant hereto, Respondent Jeffrey L. Gendell was the managing member of Tontine Management, L.L.C.

(c) Because of the relationship described in paragraph 2(b) herein, Respondents are presumed to be acting in concert pursuant to 12 C.F.R. §§ 574.2(c) and 574.4(d).

(d) During various periods from September 30, 2001 to January 5, 2004, Respondents acquired more than 10% of any class of voting stock ("10% threshold") of each of the Financial Entities. Therefore, Respondents exceeded the 10% threshold for rebuttable control set forth in 12 C.F.R. § 574.4(b)(1)(i). In each such instance, the Respondents exceeded the 10% threshold through a percentage increase in ownership following stock repurchases by the Financial Entities.

(e) At all times relevant hereto, Respondents were one of the two largest shareholders of a class of voting stock of each of the Financial Entities and were therefore subject to a control factor pursuant to 12 C.F.R. § 574.4(c)(1).

(f) Pursuant to 12 C.F.R. § 574.3(d), Respondents were required to divest the stock in excess of 10% or file an application or rebuttal with OTS within 90 days of acquisition of control. Respondents failed to divest the stock or file an application or rebuttal with OTS within 90 days of acquisition of control.

(g) Respondents' failure to make the required filings with and to obtain the required approvals from OTS constituted a violation of the Home Owners' Loan Act, 12 U.S.C. § 1467a(e), and the OTS Control Regulations, 12 C.F.R. Part 574.

(h) At all times relevant hereto, Respondents were also subject to a Consent Order to Cease and Desist for Affirmative Relief, No. CHI-00-01, dated January 27, 2000 which required them to cease and desist from any violations of the Home Owners' Loan

Act, 12 U.S.C. § 1467a(e) and the OTS Control Regulations, 12 C.F.R. Part 574 and to implement and adhere to procedures designed to prevent future violations of the Home Owners' Loan Act, 12 U.S.C. § 1467a(e) and the OTS Control Regulations, 12 C.F.R. Part 574.

(i) Respondents' violations of the Home Owners' Loan Act, 12 U.S.C. § 1467a(e), and the OTS Control Regulations, 12 C.F.R. Part 574, constituted a violation of the Consent Order to Cease and Desist for Affirmative Relief.

3. Consent. Respondents consent to the issuance by OTS of the accompanying Order to Cease and Desist For Affirmative Relief and Order of Assessment of Civil Money Penalty ("Orders"). Respondents further agree to comply with the terms of the Orders upon issuance and stipulate that the Orders comply with all requirements of law.

4. Finality. The Orders are issued under 12 U.S.C. §§ 1467a(i)(2), 1818(b) and 1818(i). Upon their issuance by OTS, they shall be a final orders, effective and fully enforceable by OTS under the provisions of 12 U.S.C. §§ 1467a(i) and 1818(i).

5. Waivers. Respondents waive the following:

(a) The right to be served with a written notice of OTS's charges against them as provided by 12 U.S.C. § 1818(b) and written notice of assessment of civil money penalty against them as provided by 12 U.S.C. §§ 1467a(i)(2) and 1818(i);

(b) The right to an administrative hearing of OTS's charges against them as provided by 12 U.S.C. §§ 1467a(i)(2), 1818(b) and 1818(i);

(c) The right to seek judicial review of the Orders, including, without limitation, any such right provided by 12 U.S.C. §§ 1467a(j) and 1818(h), or otherwise to challenge the validity of the Orders;

(d) Any and all claims against OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Orders, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and

(e) The right to assert this proceeding, their consent to issuance of the Orders, the issuance of the Orders, the payment of any monies or the provision of any other financial relief as contemplated by the Orders as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

6. Other Governmental Actions Not Affected. Respondents acknowledge and agree that the consent to the issuance of the Orders is for the purpose of resolving this OTS enforcement matter only, which encompasses those matters described in the OTS Findings of Fact, paragraph 2 herein, and does not release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of Respondents that arise pursuant to this action or otherwise and that may be or have been brought by OTS or another governmental entity.

7. Miscellaneous. (a) The construction and validity of this Stipulation and the Orders shall be governed by the laws of the United States of America;

(b) All references to OTS in this Stipulation and the Orders shall also mean any of OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Orders are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Orders;

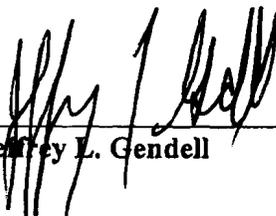
(d) The terms of this Stipulation and the Orders represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

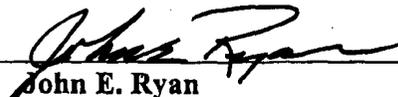
(e) This Stipulation and the Orders shall remain in effect until terminated, modified, or suspended in writing by OTS, or its successor, acting through its Director, Regional Director, or other authorized representative.

WHEREFORE, Respondents and OTS execute this Stipulation and Consent to the Issuance of an Order to Cease and Desist For Affirmative Relief and Order of Assessment of Civil Money Penalty, intending to be legally bound hereby.

Accepted by:

OFFICE OF THRIFT SUPERVISION

By: 
Jeffrey L. Gendell

By: 
John E. Ryan
Regional Director
Southeast Region

Dated: JUNE 23, 2005

Dated: 7/5/05

By: 
Tentative Management, L.L.C.

Dated: JUNE 23, 2005

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| SYLACAUGA, ALABAMA |) | |
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CONSENT ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY

WHEREAS, Jeffrey L. Gendell and Tontine Management, L.L.C. ("Respondents") have executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief and an Order of Assessment of Civil Money Penalty ("Stipulation"); and

WHEREAS, Respondents, by their execution of the Stipulation, have consented and agreed to the issuance of this Consent Order of Assessment of Civil Money Penalty ("Order") by the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1467a(i)(2) and § 1818(i)¹.

WHEREAS, the Director of OTS has delegated to the Regional Directors of OTS the authority to issue Orders of Assessment of Civil Money Penalty on behalf of OTS where the individual or entity has consented to the issuance of the Order.

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

NOW THEREFORE, IT IS ORDERED that:

1. Within ten (10) calendar days of the date of this Order, Respondents shall pay to OTS the sum of \$75,000, by tendering a certified check or bank draft made payable to the order of the Treasurer of the United States. The check or bank draft and a copy of the Order shall be delivered, together with a cover letter stating the names of the holding companies and associations, to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, DC 20552. A copy of the check or bank draft and the cover letter shall be provided by U.S. Mail to P. Stacy Powers, Special Counsel, Office of Thrift Supervision, 1 S. Wacker Drive, Suite 2000, Chicago, Illinois 60606.

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

3. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified or suspended in writing by OTS, acting through its Director, Regional Director, or other authorized representative.

**OFFICE OF THRIFT
SUPERVISION**

By: _____


John E. Ryan
Regional Director
Southeast Region