

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
)

GRIFFIN FEDERAL SAVINGS BANK )  
GRIFFIN, GEORGIA )  
)

Resolution No.: ATL-93-17  
Date: May 3, 1993

STIPULATION AND CONSENT TO THE ENTRY  
OF AN ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("the OTS"), by and through its Regional Director for the Southeast Region, and Griffin Federal Savings Bank, Griffin, Georgia, OTS No. 6557 ("Griffin Federal" or "Institution"), stipulate and agree as follows:

1. Consideration

The OTS, based upon information derived from the exercise of its supervisory and regulatory powers, is of the opinion that grounds exist to initiate administrative cease and desist proceedings against Griffin Federal pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b)<sup>1</sup>. Such grounds include violations of laws, rules, and regulations, and violations of a written agreement entered into with the agency, as follows:

- a. For two examination cycles, Griffin Federal violated certain Truth in Lending disclosure provisions of 12 C.F.R. §§ 226;
- b. During the last examination cycle, Griffin Federal violated OTS regulations at 12 C.F.R. § 563.99(c) by furnishing erroneous adjustment notices to certain adjustable-rate mortgage loan customers;
- c. For two examination cycles, Griffin Federal violated the provisions of 12 C.F.R. §§ 528.6(a) and 528.6(b) requiring the collection of mortgage loan monitoring information, and the provisions of 12 C.F.R. §§ 528.6(d) and 203.4 requiring the proper completion of the Loan Application Register;
- d. During the last examination cycle, Griffin Federal violated the Equal Credit Opportunity provisions of 12

<sup>1</sup>All references to the U.S.C. are as amended.

C.F.R. § 202.9 by failing to provide certain loan applicants with notification of action taken as required by this regulation; and

- e. Griffin Federal has violated provisions of the March 30, 1992 Supervisory Agreement between the Institution and the OTS wherein the Institution, by and through its Directors, agreed to take certain specific actions to improve the Institution's compliance with applicable Federal consumer and compliance laws and regulations.

Griffin Federal desires to cooperate with the OTS and to avoid the time and expense of such administrative cease and desist proceedings and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such proceedings against the Institution with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

The OTS is willing to forbear from the initiation of cease and desist proceedings against Griffin Federal to require the actions referred to in the Order for so long as the Institution is in compliance with the provisions of the Order.

## 2. Jurisdiction

(a) Griffin Federal is a "savings association" within the meaning of Section 3(b)(1) of the FDIA, 12 U.S.C. § 1813(b)(1). The Institution is an "insured depository institution" as that term is defined in Section 3(c)(2) of the FDIA, 12 U.S.C. § 1813(c)(2).

(b) Pursuant to Section 8(b)(1) of the FDIA, 12 U.S.C. § 1818(b)(1), the appropriate Federal banking agency may issue a cease and desist order against any insured depository institution which violates a law, rule or regulation, or a written agreement entered into with the agency.

(c) Pursuant to Section 3(q)(4) of the FDIA, 12 U.S.C. § 1813(q)(4), the Director of the OTS is the "appropriate Federal banking agency" in the case of any savings association. Therefore, Griffin Federal is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

## 3. Consent

Griffin Federal consents to the issuance by the OTS of the accompanying Order. The Institution further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.



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ORDER TO CEASE AND DESIST

**WHEREAS**, Griffin Federal Savings Bank, Griffin, Georgia, OTS No. 6557 ("Griffin Federal" or "Institution"), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Southeast Region ("Regional Director");

**WHEREAS**, the Institution and its Board of Directors, in the interest of regulatory cooperation and compliance, without admitting or denying that grounds exist, has determined that it is in the best interests of the Institution to enter into this Order to avoid the initiation of administrative proceedings on the matters covered by this Order; and

**WHEREAS**, Griffin Federal, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, 12 U.S.C. § 1818(b)<sup>1</sup>.

**NOW THEREFORE, IT IS ORDERED** that Griffin Federal and its directors, officers, employees, agents, service corporations and subsidiaries shall cease and desist from any unsafe or unsound practices in conducting the business of the Institution and further, shall cease and desist from any violation of, or the aiding and abetting of any violation of, and from any noncompliance with, or the aiding and abetting of any noncompliance with:

1. 12 C.F.R. §§ 226;
2. 12 C.F.R. § 563.99(c);
3. 12 C.F.R. §§ 528.6(a), 528.6(b), and 528.6(d), and 203.4; and

1. All references to the U.S.C. are as amended.

4. 12 C.F.R. § 202.9.

**IT IS FURTHER ORDERED that:**

1. (a) Within 30 days of the Date of this Order, the Board of Directors of Griffin Federal ("the Board") shall adopt, implement and submit to the Regional Director for review a written program designed to ensure the Institution's compliance with applicable Federal consumer and compliance laws and regulations ("consumer laws and regulations"), and to correct the deficiencies disclosed in the Institution's OTS Report of Compliance Examination, dated October 5, 1992 ("1992 Exam").  
  
(b) At a minimum, the program required by Paragraph 1(a) of this Order shall include a Board-designated Compliance officer responsible for developing operating policies and procedures, internal controls, monitoring systems, and training programs to correct the deficiencies disclosed in the 1992 Exam, and for preparing and presenting, on at least a quarterly basis, reports to the Board, with copies to the Regional Director, that set forth the Compliance officer's findings, conclusions, and recommendations concerning the Institution's current record of compliance with consumer laws and regulations.
2. (a) Griffin Federal shall comply with the provisions of the Truth in Lending Act and 12 C.F.R. § 226.  
  
(b) By May 31, 1993, and pursuant to the procedures set forth on pages 3.1 through 3.6 of the 1992 Exam, the Institution shall make appropriate restitution to all affected borrowers as discussed in the 1992 Exam.
3. Griffin Federal shall comply with the adjustable-rate mortgage loan adjustment notice provisions of 12 C.F.R. § 563.99(c).
4. Griffin Federal shall comply with the provisions of 12 C.F.R. §§ 528.6(a) and 528.6(b) requiring the collection of mortgage loan monitoring information, and the provisions of 12 C.F.R. §§ 528.6(d) and 203.4 requiring the proper completion of the Loan Application Register.
5. (a) Griffin Federal shall comply with the Equal Credit Opportunity notification provisions of 12 C.F.R. § 202.9.  
  
(b) By May 31, 1993, the Institution shall conduct a file search pursuant to the procedures set forth on pages 3.8 and 3.9 of the 1992 Exam to identify and correct the violations of 12 C.F.R. § 202.9 discussed on these pages.

6. Beginning with the calendar quarter ending June 30, 1993, the Board shall review the Institution's compliance with this Order at least once each calendar quarter, and shall submit a quarterly written report to the Regional Director describing the Board's findings, including actions taken by the Board to correct any noncompliance with the Order.
7. Successor Statutes, Regulations, Guidance, Amendments. Reference in this Order to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Date of this Order and references to successor provisions as they become applicable.
8. Notices.
  - (a) Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Order to be made upon, given or furnished to, delivered to, or filed with:
    - (1) the OTS by the Institution shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director for the Southeast Region, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree Street, N.E., Atlanta, Georgia or telecopied to (404)888-5634 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
    - (2) the Institution by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to the Institution at Griffin Federal Savings Bank, 327 West Taylor Street, Griffin, Georgia 30223, or telecopied to (404)229-3886 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
  - (b) Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon deliver if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Order, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

9. Duration, Termination or Suspension of Order.

- (a) This Order shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Regional Director.
- (b) The Regional Director in his sole discretion may, by written notice, suspend any or all provisions of this Order.

10. Effect of Headings.

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

11. Separability Clause.

In case any provision in this Order 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 the Regional Director in his sole discretion determines otherwise.

12. No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted.

Nothing in this Order shall be construed as:

- (a) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject, or
- (b) restricting, in any way, the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

13. Successors in Interest/Benefit.

The terms and provisions of this Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Order, express or implied, shall give to any person or entity, other than the parties hereto, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Order.

14. Director Responsibility.

Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval of the Regional Director, the Board has the ultimate responsibility for proper and sound management of Griffin

