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UNITED STATES OF AMERICA
before the
OFFICE OF THRIFT SUPERVISION

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 In the Matter of)
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 First Federal Savings Bank)
 Dickson, Tennessee)
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 _____)

Resolution No.: CIN 91-32 8-25-91
 Dated: August 21, 1991 (Date)

STIPULATION AND CONSENT TO ISSUANCE OF
ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS") by and through its Deputy Regional Director for the Cincinnati District Office of OTS and First Federal Savings Bank, Dickson, Tennessee ("First Federal"), stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative Cease and Desist proceeding against First Federal pursuant to the Federal Deposit Insurance Act, § 8(b), 12 U.S.C.A. § 1818(b) (West 1989). First Federal desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease and desist litigation against First Federal with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) First Federal is a "savings association" and an "insured depository institution" as defined by 12 U.S.C.A. §§ 1462 and 1813 (West 1989 and Supp. 1990).

(b) The Director of OTS is the "appropriate Federal Banking agency" to maintain a cease and desist proceeding against such savings association, pursuant to 12 U.S.C.A. § 1818(b) (West 1989), therefore, First Federal is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it.

3. Consent. First Federal consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon its issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C.A. § 1818(b) (West 1989). Upon its issuance by the Cincinnati District Office, OTS, it shall be a final Order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C.A. § 1818(i) (West 1989).

5. Waivers. First Federal waives its right to a notice of charges and the administrative hearing provided by 12 U.S.C.A. § 1818(b) (West 1989), and further waives its right to seek judicial review of the Order, including any such right provided by 12 U.S.C.A. § 1818(h) (West 1989), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Deputy Regional Director for the Cincinnati District Office, OTS, and First

**UNITED STATES OF AMERICA
Before The
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_____)
In the Matter of)

First Federal Savings Bank)
Dickson, Tennessee)

Resolution No.: CIN 91- 32

Dated: August 21, 1991

ORDER TO CEASE AND DESIST

WHEREAS, First Federal Savings Bank, Dickson, Tennessee ("First Federal"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist ("Stipulation") which is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Deputy Regional Director for the Cincinnati District Office, and is incorporated herein by reference; and

WHEREAS, First Federal in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to the Federal Deposit Insurance Act, § 8(b), 12 U.S.C.A. § 1818(b) (West 1989).

NOW THEREFORE, IT IS ORDERED that First Federal, its directors, officers, employees, agents and service corporations, shall abide by the terms of this Order, as follows:

1. First Federal shall, within 30 days of the date of this Order, adopt policies and implement procedures for enhanced internal asset review and classification which the board of directors shall review

annually and update as necessary. First Federal must include the following as part of these enhanced policies and procedures: (a) clear provision for identification of problem or potential problem assets; (b) establishment of an independent asset review committee, consisting of a majority of outside directors and/or officers not involved in the troubled lending or investment decisions; and (c) requirement that the asset review committee maintain adequate records and documentation of its activities.

2. First Federal shall, within 90 days of the date of this Order, prepare and implement an asset plan for each criticized or classified asset with an unpaid balance larger than \$50,000, except for loans secured by owner-occupied 1-4 family residences. For each asset, the plan shall provide sufficient detail to allow the reader to fully understand the asset and its known or potential problems, specific detail as to the optimum way to protect the institution from loss, and adequate supporting rationale for the plan to be followed. The board of directors shall review and update this asset plan at least quarterly and shall submit a report of its review and any update to the Deputy Regional Director or designee immediately thereafter.

3. First Federal shall not propose or pay any dividend or other capital distribution without the written approval of the Deputy Regional Director or his designee.

4. First Federal shall hire and/or train personnel, within 60 days of the date of this order, with appropriate independence and expertise to analyze and classify assets.

5. First Federal shall, within 30 days of the date of this Order, adopt policies and implement procedures for the establishment of general valuation allowances, which shall give consideration to the level, security, and trend of nonperforming assets, and income earning assets. First Federal shall either establish specific valuation allowances or write off assets classified as loss. Until such time as classified assets are reduced to no more than 50% of tangible capital, general valuation allowances shall be maintained at at least 3% of total loans. Such allowances shall be reviewed, at least quarterly by the board of directors. The Deputy Regional Director will consider First Federal's written request to maintain a GVA level of less than 3% of total loans should such lower level be justified as the result of future OTS examinations.

6. First Federal shall cease making new commercial or commercial real estate loans, including loans secured by residential property with 5 or more dwelling units. This prohibition shall not apply to legally binding commitments as of the date of issuance of this Order or to loans to facilitate the sale of real estate owned, however, these loans shall be made in accordance with First Federal's policies and procedures, regulations and safety and soundness. Notwithstanding the prohibition contained in this paragraph 6, First Federal may make non-mortgage commercial loans to existing customers not to exceed \$50,000 to any one borrower, provided the aggregate amount of all such commercial loans does not exceed \$750,000. All non-mortgage commercial loans granted by First Federal shall comply with all applicable regulatory requirements and safe and sound lending practices and shall require the periodic (no less than annual) submission of financial statements by the borrower.

7. First Federal shall assure the prompt and continued implementation of prudent lending policies and procedures. These policies shall include as a minimum the following items:

a. Establishment of a board loan committee, composed of a majority of outside directors, which shall at a minimum be responsible for the prior approval of any transaction involving a borrower whose lending relationship with First Federal exceeds \$100,000.

b. Develop lending guidelines, addressed within the loan policy, and in place prior to the granting of a loan for each type of lending activity engaged in by the institution.

8. The board of directors shall develop a plan for continuity, retirement and succession of the directors and officers of the institution.

9. First Federal shall, within 90 days of the date of this Order, develop and implement a comprehensive Business Plan, which among other things, provides for earnings sufficient to augment existing capital levels commensurate with the risk in the company's balance sheet. The Business Plan shall be projected through December 31, 1994 and include the business strategies to achieve required capital levels. The Business Plan shall demonstrate compliance and maintenance of tangible capital of at least 5%. Such Plan shall also provide a detailed description for reducing operating expenses, including the method and timing of such reductions. First Federal shall not implement material changes to the activities and strategies outlined in this plan without the written approval of the Deputy Regional Director or designee.

10. First Federal, shall, within 30 days of the date of this Order, develop policies and implement procedures to ensure full compliance with 12 C.F.R. § 563.93 (1990) which restricts extension of credit to one borrower.

11. First Federal shall either prohibit any director, who is also an attorney, from receiving legal fees and insurance commissions from either First Federal or any of its borrowers or adopt policies and procedures, acceptable to the Deputy Regional Director or designee, to insure that conflicts of interest are eliminated as a result of such director's dual role.

12. First Federal shall not execute or renew any employment contract with any of its officers without the written approval of the Deputy Regional Director or designee.

All technical words or terms used in this Order, for which meanings are not specified or otherwise provided herein, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act, or the Federal Deposit Insurance Act, and any such technical words or terms used in this Order, and undefined by said statutes, rules and regulations shall have meanings that accord with the best custom and usage in the savings and loan industry.

This Order shall remain in effect until terminated by the OTS, acting through its Deputy Regional Director.

THE OFFICE OF THRIFT SUPERVISION

/S/

BY:

~~Stuart M. Brafman~~
Regional Director
Central Region
Office of Thrift Supervision