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~~Agreement to Members of FDIC~~

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Docket 2963
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~~Docket~~ OTS #2963

AGREEMENT

This Agreement ("Agreement") is made and is effective this 13th day of September, 1991, by and between ~~Citizens Federal Savings Bank, Rockwood, Tennessee~~ ("Citizens"), and the Office of Thrift Supervision ("OTS"), through its Deputy Regional Director for the Cincinnati Office or designee ("Deputy Regional Director").

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Citizens, its directors, officers, employees, agents and service corporation. It is understood and agreed that this Agreement is a "written agreement" entered into with the Office of Thrift Supervision within the meaning of Section 8(b) and (i) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(b) and (i) (Supp. I 1989).

NOW, THEREFORE, IT IS AGREED:

1. Citizens shall not originate or purchase loans or participations in loans secured by commercial real estate located beyond 50 miles of any home or branch office.

2. (a) Citizens shall, within 90 days from the date of this Agreement, submit and comply with a detailed business plan, covering the period beginning the fourth quarter of 1991 through the fourth quarter of 1994, acceptable to the Deputy Regional Director or designee. The plan must contain comprehensive narrative discussions of each significant activity and strategy used by Citizens, including, but not limited to, a strategy for

improving operating results and reducing the level of criticized assets, detailed quarterly schedules showing actual and planned asset and liability mixes, yield and cost data, and capital positions and projected quarterly operating results. Such plan must provide for the reduction of classified assets to less than 100% of tangible capital plus general valuation allowances by December 31, 1992. The plan must also demonstrate an increase in tangible capital to no less than 5% of tangible assets by June 30, 1992. All applications necessary to effect any planned transactions required to increase capital shall be filed with the appropriate regulatory authorities no later than April 30, 1992.

(b) Citizens shall, within 30 days of the close of each quarter, submit to the Deputy Regional Director or designee a report which: (i) compares actual operating results to projected amounts on a quarterly basis and provides detailed written variance analyses, and (ii) reports the status of each asset classified as special mention, substandard, doubtful and loss with gross book balances of \$100,000 or greater.

(c) Citizens shall not implement material changes to the operating plans and strategies outlined in the required business plan without prior written approval of the Deputy Regional Director or designee.

3. Citizens shall develop and implement policies to improve the institution's rate sensitivity position consistent with meeting the requirements of the Qualified Thrift Lender Test.

4. Citizens shall, within 90 days from the date of this Agreement, submit a written policy for establishing and maintain-

adequate general valuation allowances. In this regard, Citizens shall charge off, or specifically reserve for all assets classified "Loss" and 50% of those assets classified "Doubtful" in the OTS April 1991 and the FDIC March 1991 Reports of Examination.

5. In deciding actions to be taken or initiated by the OTS pursuant to this Agreement, the Deputy Regional Director shall consider the influence of factors outside of Citizens' control.

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings that accord with the best custom and usage in the savings and loan industry.

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. This Agreement shall remain in effect until terminated by the OTS, acting through its Deputy Regional Director. Any decision to amend or modify the Agreement is left to the discretion of the OTS Deputy Regional Director.

IN WITNESS WHEREOF, the parties have executed this Agreement
by their board of directors.

OFFICE OF THRIFT SUPERVISION

CITIZENS FEDERAL SAVINGS BANK
ROCKWOOD, TENNESSEE
by a majority of its directors

By:

15/
Jerry M. Benham
Deputy Regional Director
Cincinnati Office

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