

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 15th day of October, 1990, by and between Madison Savings and Loan Association, Palm Harbor, Florida, OTS No. 8232, for itself and its wholly owned service corporations and subsidiaries (hereinafter called "Madison" or "Institution") and the Office of Thrift Supervision ("OTS"), acting through its Atlanta Regional Director or his designee ("Regional Director").

WHEREAS, the OTS is of the opinion that grounds exist to initiate administrative proceedings against the Institution pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. 1818(b); and

WHEREAS, the Institution, in the interest of regulatory compliance and cooperation, is willing to enter into this Agreement to avoid the initiation of such administrative proceedings on the matters covered by this Agreement; and

WHEREAS, the OTS is willing to forebear from the initiation of such administrative proceedings against the Institution to require the actions specifically covered by this Agreement for so long as the Institution is in compliance with the provisions of the Agreement that pertain to such actions; and

WHEREAS, it is understood by the parties that execution of this Agreement does not preclude the OTS from taking further supervisory or enforcement measures on matters not specifically covered by this Agreement that the OTS considers appropriate under the circumstances.

NOW THEREFORE, in consideration of the above-stated forbearance, it is agreed between the parties hereto as follows:

1. Within 45 days of the effective date of this Agreement, the Institution shall develop, adopt, and implement a written plan to collect, strengthen, or otherwise reduce the risk of loss for each loan in excess of \$250,000 which is more than 60 days delinquent, each parcel of real estate owned, and each loan in excess of \$250,000 that was classified by the OTS examination staff or the Institution and reflected in the March 26, 1990 Report of Examination of the Institution. This plan shall state, at a minimum, explicit goals for the resolution of each problem asset as well as goals for an orderly reduction in the aggregate level of problem assets outstanding within specified time frames. This plan shall be maintained and updated on an ongoing basis to include the assets which meet the criteria in this Paragraph 1 subsequent to the effective date of this Agreement.
2. Until such time as the volume of classified assets, as determined by the Institution through its asset classification process or by the OTS through its examination process, equals less than 50 percent of total capital as defined in 12 C.F.R. Section 567.5(c) less any supervisory goodwill, the Institution shall not originate or acquire nonmortgage commercial loans or loans secured by (1) real property consisting of 5 or more dwelling units, (2) land acquisition and development projects, (3) nonresidential real estate, or (4) raw land, other than loans granted to facilitate the sale of real estate held by the Institution. Madison may fund loans-in-process obligations and legally binding loan commitments outstanding as of the effective date of this Agreement on the loans described in this Paragraph 2, and shall submit a list of such obligations and commitments outstanding as of the effective date of this Agreement to the OTS within 45 days of the effective date of this Agreement.
3. Madison shall not pay dividends on any class of outstanding stock until such time as the Institution achieves profitability on an operating and net basis for four (4) consecutive calendar quarters and receives the prior written approval of the Regional Director.
4. Within ⁶⁰~~45~~ days of the effective date of this Agreement, Madison shall develop, adopt, and adhere to a detailed one-year business plan which sets forth the Institution's operating strategies in narrative form and contains pro forma financial statements on a quarterly basis. Until such time as a business plan as described in this Paragraph 4 is in place, the Institution shall adhere to its current operating strategy, known as "Program '90" and dated May 25, 1990, as amended, to the extent that "Program '90" is not inconsistent with the terms of this Agreement.

5. Within 45 days of the effective date of this Agreement, the Board of Directors shall certify to the OTS that Madison is in compliance with, and will remain in compliance with, with the provisions of 12 C.F.R. Section 563.93 regarding loans to one borrower.
6. Madison shall not enter into any lending relationship wherein the borrower sells the security properties under Agreements for Deed.
7. Within 30 days following the end of each calendar quarter, the Board of Directors shall forward to the Regional Director either a certification stating that the Institution has complied with all of the provisions of this Agreement, or an explanation of any failure to comply with such provisions.

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 as defined in Chapter V of Title 12 of the Code of Federal Regulations, and any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry. For purposes of this Agreement, references to regulations, bulletins, memoranda, and publications shall include any successor regulations, bulletins, memoranda, and publications which are provided pursuant to, issued, or remain in effect under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA").

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Madison. It is understood and agreed that this Agreement is a "written agreement entered into with the agency" as that phrase is used in Section 8(b)(1) of the FDIA, 12 U.S.C. 1818(b)(1).

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, modified, or suspended by the OTS, acting through the Regional Director or his designee. The Regional Director or his designee may suspend, in his or her sole discretion, any or all provisions of this Agreement.

IN WITNESS WHEREOF, the OTS, acting through the Regional Director or his designee, and the Institution, by its duly elected directors, have executed this Agreement.

Madison Savings and Loan Association
Palm Harbor, Florida

By: 151
Director

OFFICE OF THRIFT SUPERVISION

By: 151
John E. Ryan
Regional Director

DIRECTORS' WAIVER OF NOTICE

I hereby waive notice of the meeting of the Board of Directors of Madison Savings and Loan Association, Palm Harbor, Florida, at _____, _____, 1990, held at _____, _____, at which the Board of Directors considered and adopted the attached resolution concerning a Supervisory Agreement between Madison Savings and Loan Association and the Office of Thrift Supervision.

ISI	10/15/90
ISI (Name)	10/15/90 (Date)

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Madison Savings and Loan Association, Palm Harbor, Florida, OTS No. 8232 ("Institution"), hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting duly called and held on October 15, 1990, and at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

WHEREAS, the officers and directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the grounds exist to initiate administrative proceedings against the Institution pursuant to Section 8(b) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(b); and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of such administrative proceedings in connection with the matters referred to in the attached Supervisory Agreement ("Agreement") if the Agreement is executed by the Institution and if its terms are thereafter complied with by the Institution; and

WHEREAS, the directors of the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the Board of Directors held on October 15, 1990, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the Board of Directors of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Madison Savings and Loan Association this 15th day of October, 1990.

151
Secretary