

94853

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 22nd day of February, 1993 ("the Effective Date"), by and between Treasure Coast Bank, a FSB, Stuart, Florida, OTS No. 8437, a Federally chartered, stock Institution, for itself and its wholly owned service corporations and subsidiaries ("Treasure Coast" or "Institution"), and the Office of Thrift Supervision ("OTS"), a Bureau of the United States Department of the Treasury, acting through its Southeast Regional Director or his designee ("Regional Director").

WHEREAS, based on Treasure Coast's OTS Compliance Examination of April 12, 1993 ("1993 Compliance Exam"), the OTS is of the opinion that the Institution has violated certain Federal consumer and compliance laws and regulations; and

WHEREAS, on the basis of these violations, 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 is willing to enter into this Agreement, without admitting or denying any violations of Federal consumer and compliance laws and regulations, in order to cooperate with the OTS and to evidence its intent to comply with applicable laws and regulations.

NOW THEREFORE, in consideration of the premises stated above, the parties hereto agree as follows:

BANK SECRECY REGULATIONS

1. Within 30 days of the Effective Date of this Agreement, Treasure Coast shall correct, as applicable, the violations of 12 C.F.R. § 563.177(c)(2), 31 C.F.R. §§ 103.22(a)(1), 103.22(b)(2)(i), 103.22(d), 103.22(f), and 103.27(d) disclosed in Sections 3.3 through 3.5 of the 1993 Compliance Exam.
2. Within 60 days of the Effective Date of this Agreement, the

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

Board of Directors of Treasure Coast ("the Board") shall adopt, implement and submit to the Regional Director written procedures to ensure compliance with the applicable provisions of 12 C.F.R. § 563.177 and 31 C.F.R. Part 103.

ADJUSTABLE RATE MORTGAGE LOAN REGULATIONS

3. a. Within 30 days of the Effective Date of this Agreement, the Institution shall analyze all Adjustable Rate Mortgage ("ARM") loans held by it to determine whether appropriate adjustments have been and are being made in accordance with the provisions of 12 C.F.R. § 563.99.
- b. Within 60 days of the Effective Date of this Agreement, the Board shall furnish the Regional Director a written description of the results of the analysis required by Paragraph 3 a. of this Agreement, as well as a description of any actions taken by the Institution to remedy ARM loan adjustments that were not made in accordance with the provisions of 12 C.F.R. § 563.99.
- c. Within 60 days of the Effective Date of this Agreement, the Board shall adopt, implement, and submit to the Regional Director, an ARM loan program that includes procedures to ensure that the Institution makes appropriate adjustments to its ARM loans and also that it complies with applicable provisions of 12 C.F.R. § 563.99.

TRUTH IN LENDING REGULATIONS

4. a. Within 30 days of the Effective Date of this Agreement, the Institution shall correct, as applicable, the violations of 12 C.F.R. §§ 226.18(d) and 226.18(e) disclosed in Section 3.3 of the 1993 Compliance Exam.
- b. Within 60 days of the Effective Date of this Agreement, the Board shall adopt, implement, and submit to the Regional Director a Truth in Lending program that includes procedures to ensure that the Institution complies with the provisions of 12 C.F.R. Part 226.

INTERNAL CONTROLS

5. Within 60 days of the Effective Date of this Agreement, the Board shall adopt and implement a system of internal controls to ensure that the Board is advised on at least a quarterly basis of the Institution's compliance with

the applicable provisions of 12 C.F.R. § 563.177, 31 C.F.R. Part 103, 12 C.F.R. § 563.99, and 12 C.F.R. Part 226.

SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

6. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda, bulletins and publications shall include references to all amendments to such provisions as have been made as of the effective date of this Agreement and references to successor provisions as they become applicable.

NOTICES

7. a. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:
- (i) 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 30309 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.
 - (ii) 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 Treasure Coast Bank, a F.S.B., 789 South Federal Highway, Suite 101, Stuart, Florida, 34994, or telecopied to (401) 288-9817 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 delivery 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 Agreement, 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.

DURATION, TERMINATION OR SUSPENSION OF ORDER

8. The provisions of this Agreement shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through the Regional Director. The Regional Director in his sole discretion may, by written notice, terminate and/or suspend any or all provisions of this Agreement.

EFFECT OF HEADINGS

9. The section headings used in this Agreement are for convenience of reference only and are not to affect the construction of or be taken into consideration in the interpretation of this Agreement.

SEPARABILITY CLAUSE

10. In the event that any provision of this Agreement 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.

NO VIOLATIONS OF LAW, RULE, REGULATION OR
POLICY STATEMENT AUTHORIZED; OTS NOT RESTRICTED

11. Nothing in this Agreement 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 that it believes is appropriate in fulfilling the responsibilities placed upon it by law.

SUCCESSORS IN INTEREST/BENEFIT

12. 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. Nothing in this Agreement, 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 Agreement.

DIRECTOR RESPONSIBILITY

13. Although the Board may be required by this Agreement 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 the Institution.

TIME LIMITS

14. Any time limitations imposed by this Agreement shall begin to run from the effective date of the Agreement, unless otherwise provided for in the Agreement. Such time limitations may be extended by the Regional Director in his sole discretion upon written application by the Institution.

DEFINITIONS

15. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of the Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations. 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.

WRITTEN AGREEMENT WITH THE AGENCY

16. This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. 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).

IN WITNESS WHEREOF, the OTS, acting through the Regional Director, and the Institution, by a majority of its directors, have executed this Agreement.

Treasure Coast Bank, a FSB
Stuart, Florida
OTS No. 8437

By: 151
Donald J. Burgess

By: 151
Werner Bols

By: 151
James A. McGregor

By: 151
James A. Purcell

By: 151
Robert E. Gamber

By: 151
Roger W. Halverson

By: 151
Stephen C. Frasier

By: 151
Christel B. McGregor

By: 151
Daniel P. Todzia

OFFICE OF THRIFT SUPERVISION

By: 151
John E. Ryan
Regional Director