

## SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 4th day of August, 1998 (the "Effective Date"), by and between Citizens Federal Savings Bank, Birmingham, Alabama, OTS Docket No. 6125 ("Citizens" or the "Association"), a federally-chartered stock savings association, 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, the OTS is the primary federal regulator of the Association;

WHEREAS, based upon the OTS' November 12, 1997 Compliance Report of Examination (the "1997 ROE"), the OTS is of the opinion that the Association has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Association is subject, and/or (ii) are considered to be unsafe and unsound;

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of an administrative proceeding against the Association;

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (the "Board"), without admitting or denying that such grounds exist except those as to jurisdiction, which are admitted, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

1. Home Mortgage Disclosure Act.

Within 60 days after the Effective Date of this Agreement, the Board shall adopt a formal written policy governing the Association's compliance with the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 et seq. (the "HMDA"), and Regulation C, 12 C.F.R. Part 203. The Board shall ensure that the Association complies with 12 C.F.R. Part 203, the HMDA, and the written policy adopted by the Board pursuant to this paragraph. The HMDA Policy shall designate an individual who shall be responsible for ensuring the accurate collection and recordation on the Association's loan application register ("LAR") of all data and information required to be collected and maintained by the HMDA and Section 203.4 of Regulation C. The HMDA Policy shall require a quarterly audit of the Association's LAR to determine compliance with Citizens' HMDA Policy, the HMDA, and Regulation C. A copy of the audit shall be provided to and reviewed by the

Board at the first regularly scheduled Board meeting following the end of each calendar quarter. The Board's review and discussion of the audit report, as well as any required corrective action, shall be reflected in the Board minutes. The Board shall require the immediate correction of all LAR errors.

2. Truth In Lending Act.

Within 60 days after the Effective Date of this Agreement, the Board shall adopt written policies and procedures governing the Association's compliance with the Truth in Lending Act, 15 U.S.C. § 1601 et. seq. (the "TILA"), and Regulation Z, 12 C.F.R. Part 226. The Board shall ensure that the Association complies with 12 C.F.R. Part 226, the TILA, and the written policy adopted by the Board pursuant to this paragraph ("TILA Policy"). The TILA Policy shall designate an individual who shall be responsible for ensuring the Association's compliance with the TILA and Regulation Z. The TILA Policy shall provide for the accurate and timely provision of all required disclosures to consumers. The Board shall require that management review the Association's compliance with the TILA Policy, the TILA, and Regulation Z on quarterly basis and report its findings to the Board. The Board shall review the report submitted by management and shall take such action as is necessary and appropriate to correct any identifiable deficiencies or weaknesses. The Board's review and discussion, including any corrective actions taken, shall be included in the Board minutes.

3. National Flood Insurance Protection Act.

The Board shall ensure that the Association complies with the requirements of the National Flood Insurance Protection Act, 42 U.S.C. § 4001 et seq. (the "FDPA"), and 12 C.F.R. § Part 572 of the OTS regulations. The Board shall designate a member of management who shall be responsible for ensuring that all notices required by the FDPA and Part 572 are provided and that adequate and appropriate flood insurance coverage is maintained. Management shall prepare and provide to the Board a quarterly report listing all loans subject to the FDPA and Part 572, the disclosures and notices provided, and the amount of insurance coverage obtained. The Board shall review the report submitted by management and shall take such action as is necessary and appropriate to correct any identifiable deficiencies or weaknesses. The Board's review and discussion, including any corrective actions taken, shall be included in the Board minutes.

4. Real Estate Settlement Procedures Act.

Within 60 days after the Effective Date of this Agreement, the Board shall adopt written policies and procedures governing the Association's compliance with the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 et seq. ("RESPA"), and 24 C.F.R. Part 2400. The Board shall ensure that the Association complies with 24 C.F.R. Part 2400, the RESPA, and the written policy adopted by the Board pursuant to this paragraph ("the RESPA Policy"). The RESPA Policy shall designate a member of management who shall be responsible for ensuring compliance with the RESPA Policy, the RESPA, and Part 2400.

5. Bank Secrecy Act.

Within 60 days after the Effective Date of this Agreement, the Board shall adopt written policies and procedures governing the accurate completion and filing of currency transaction reports ("CTR"), in compliance with the requirements of the Bank Secrecy Act, 31 U.S.C. § 5311 et seq. (the "BSA"), and 31 C.F.R. Part 103. The Board shall ensure that the Association complies with 31 C.F.R. Part 103, the BSA and the written policy adopted by the Board pursuant to this paragraph (the BSA Policy"). The BSA Policy shall designate a member of management who shall be responsible for ensuring that all CTRs are accurately and timely completed and filed and that the Association otherwise complies with the BSA Policy, the BSA, and Part 103. Management shall prepare and provide to the Board a quarterly report of all transactions for which CTRs were required to be completed and filed. Association personnel with duties involving large currency transactions shall be provided comprehensive training on BSA reporting requirements. Records of such training sessions, including attendees, shall be maintained by the Association.

6. Compliance With Agreement.

a. The Board and officers of the Association shall take immediate action to cause Citizens to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.

b. The Board shall, on a quarterly basis, adopt a resolution (the "Compliance Resolution") formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

c. The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption, and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.

d. The Board shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Agreement.

7. Definitions.

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, HOLA, FDIA or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

8. Successor Statutes, Regulations, Guidance Amendments.

Reference in this Agreement 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 Effective Date and references to successor provisions as they become applicable.

9. Notices.

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 Association, 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, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, Georgia 30309 or telecopied to (404) 897-1861 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(ii) The Association 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 Association at 1700 Third Avenue North, Post Office Box 10022, Birmingham, Alabama 35202 or telecopied to (205) 214-3014 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, then, in the event such notice was sent by the United States mail, 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.

10. Duration, Termination or Suspension Of Agreement.

a. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below, and (ii) remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

b. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

11. Time Limits.

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

12. Effect Of Headings.

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

13. Separability Clause.

In case any provision in 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 discretion determines otherwise.

14. No Violations Of Law, Rule, Regulation Or Policy Statement Authorized; OTS Not Restricted.

Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

15. Successors In Interest/Benefit.

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 and the Federal Deposit Insurance Corporation and its successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

16. Signature Of Directors.

Each Director signing the Agreement attests, by such act, that she or he, as the case may be, voted in favor of a Board resolution authorizing the execution of this Agreement by the Association.

17. Integration Clause.

This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

18. Enforceability Of Agreement.

The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Citizens. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

[This Space Intentionally Left Blank]

Citizens FSB, Birmingham, AL  
Supervisory Agreement ( 8/4/98 )  
Page 7 of 7

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Association, in accordance with a duly adopted resolution of its Board, hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

CITIZENS FEDERAL SAVINGS BANK

By: 151  
John E. Ryan  
Southeast Regional Director

By: 151  
Bunny Stokes, Jr. ✓  
Chief Executive Officer

DIRECTORS OF THE ASSOCIATION

151  
Director

151  
Director

151  
Director

Director

151  
Director

Director

151  
Director

Director

151  
Director

Director