

**SUPERVISORY AGREEMENT**

This Supervisory Agreement ("Agreement") is made and is effective this 21st day of October, 1992 ("Effective Date"), by and between First Federal Savings Bank of Florida, Live Oak, Florida, OTS No. 06707, for itself and its wholly owned service corporations and subsidiaries ("FFSB" or the "Institution"), and the Office of Thrift Supervision ("OTS"), acting through its Southeast Regional Director ("Regional Director") or his designee.

**WHEREAS**, the OTS is of the opinion that grounds exist to initiate administrative proceedings against FFSB pursuant to §8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b) (West 1989 and Supp. 1992); and,

**WHEREAS**, FFSB, 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 FFSB to require the actions specifically covered by this Agreement for so long as the Institution is in compliance with the provisions of this 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:

**COMPLIANCE**

1. Within 30 days of the Effective Date of this Agreement, the Board of Directors of FFSB ("the Board") shall adopt, implement and submit to the Regional Director for review a written compliance program to ensure the Institution's compliance with applicable Federal consumer protection laws and regulations ("consumer laws and regulations"). At a minimum, the program shall:

- a. provide for a Board-designated Compliance Officer for FFSB who is responsible for developing, implementing and overseeing a program to ensure the Institution's compliance with consumer laws and regulations, and who has adequate authority and autonomy to monitor the operations of the Institution and effect corrections as needed to ensure such compliance;
- b. require the Compliance Officer to develop, within 60 days of the Effective Date of this Agreement, compliance policies and procedures, for adoption by the Board, to ensure compliance with consumer laws and regulations;
- c. require the Compliance Officer to develop and implement, within 60 days of the Effective Date of this Agreement, a program to review and monitor on a regular basis the various operations of the Institution for compliance with all consumer laws and regulations; and
- d. require the Compliance Officer to prepare and present reports to the Board on at least a quarterly basis concerning the Institution's current record of compliance with consumer laws and regulations, including an assessment of performance relative to the Community Reinvestment Act ("CRA").

#### ARM LOAN COMPLIANCE

2. a. FFSB shall comply with the provisions of 12 C.F.R. §563.99 (Adjustable Rate Mortgages ("ARM"));
- b. Within 60 days after the Effective Date of this Agreement, the Board shall adopt, implement, and submit for review by the Regional Director, an ARM program for FFSB that includes procedures to ensure that the Institution complies with 12 C.F.R. §563.99.

#### TRUTH IN LENDING

3. a. FFSB shall comply with the provisions of 12 C.F.R. Part 226 (Truth in Lending).
- b. Within 60 days after the Effective Date of this Agreement, the Board shall adopt, implement, and submit for review by the Regional Director, a Truth in Lending Act program for FFSB that includes procedures to ensure that the Institution complies with 12 C.F.R. Part 226.

BANK SECRECY ACT

4. Within 60 days after the Effective Date of this Agreement, the Board shall revise the Bank Secrecy Act ("BSA") program of FFSB to include, without limitation, the following:

- a. A system of internal controls, independent testing for compliance, and training of personnel, as specified in 12 C.F.R. §563.177, as well as the designation of an individual responsible for day-to-day compliance; and
- b. procedures to ensure that the Institution complies with 31 C.F.R. §§ 103.22(b) (accuracy of exempt list and analysis of account activity), 103.22(d) (that all required customer information be provided), 103.27(a) and (d) (CTR compliance) and 103.29(a) and (b) (accuracy and completeness of monetary instrument sales log).

ECOA

5.
  - a. FFSB shall comply with the provisions of 12 C.F.R. Part 202 (Equal Credit Opportunity Act ("ECOA")).
  - b. Within 60 days of the Effective Date of this Agreement, FFSB shall review all loan applications received after November 26, 1991, to determine whether the application was complete and an appropriate action notice was issued with respect to the application, and provide the results of the review to the Regional Director.
  - c. Within 90 days of the Effective Date of this Agreement, the Institution shall provide all loan applicants who did not receive a complete notice indicating all principal specific reasons for adverse action, or who did not receive a notice of incompleteness, with a complete notice of adverse action or incompleteness, as the case may warrant.
  - d. Within 60 days after the Effective Date of this Agreement, the Board shall adopt, implement, and submit for review by the Regional Director, a program for FFSB that includes procedures to ensure that the Institution complies with 12 C.F.R. Part 202.

NONDISCRIMINATION

6. a. FFSB shall maintain its Loan/Application Registers ("LARs") in accordance with the requirements of 12 C.F.R. §§ 203.4(a) and 528.6(d).
- b. Within 60 days after the Effective Date of this Agreement, the Board shall adopt, implement, and submit for review by the Regional Director, a nondiscrimination program for FFSB that includes procedures to ensure that the Institution complies with the provisions of 12 C.F.R. Parts 203 and 528, including but not limited to those relating to the maintenance of LARs.

CRA

7. a. FFSB shall comply with the provisions of 12 C.F.R. Part 563e (CRA).
- b. Within 60 days of the Effective Date of this Agreement, the Board shall review FFSB's community delineation and correct the violation of 12 C.F.R. §563e.3(a) identified in the May 26, 1992 OTS Compliance Examination Report ("1992 Exam Report") by preparing a new delineation of the Institution's local community that complies with the requirements of §563e.3 and is reasonable with respect to the location of the Institution's office, the resources available to the Institution to help meet local credit needs, and the Institution's efforts to ascertain the local credit needs in all segments of the local community.
- c. Within 60 days of the Effective Date of this Agreement, the Board shall submit documentation to the Regional Director showing that it has corrected the violations of 12 C.F.R. §§ 563e.3, 563e.4(b)(2), and 563e.4(d) cited in the 1992 Exam Report by 1) correcting the content of its CRA Statement; and 2) documenting that the Board has reviewed and updated the CRA Statement.

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. 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 statutes, regulations, bulletins, memoranda and publications shall include any successor statutes, regulations, bulletins, memoranda, and publications.

Any time limitations imposed herein shall begin to run from the Effective Date hereof. Such time limitations may be extended by the Regional Director or his designee for good cause upon written application.

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.A. §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.

In the event any provision of this Agreement shall be declared invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

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 may suspend, in his sole discretion, any or all provisions of this Agreement.

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

First Federal Savings Bank  
Live Oak, Florida OTS No. 06707  
Supervisory Agreement (October 1992)  
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First Federal Savings Bank of Florida  
Live Oak, Florida  
OTS No. 06707

By: 15/ \_\_\_\_\_ Date: 10/21/92

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By: 15/ \_\_\_\_\_ Date: 10/21/92

By: 15/ \_\_\_\_\_ Date: October 21, 1992

By: 15/ \_\_\_\_\_ Date: 10/21/92

OFFICE OF THRIFT SUPERVISION

By: 15/ \_\_\_\_\_  
John E. Ryan  
Regional Director

DIRECTORS' WAIVER OF NOTICE

I hereby waive notice of the meeting of the Board of Directors of First Federal Savings Bank of Florida, Live Oak, Florida, OTS No. 6707, held on the 21 day of October, 1992, at which the Board of Directors considered and adopted the attached resolution concerning a Supervisory Agreement between First Federal Savings Bank of Florida and the Office of Thrift Supervision.

By: LS/  
Director

**CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS**

I, the undersigned, being the duly qualified Secretary of First Federal Savings Bank of Florida, Live Oak, Florida, OTS No. 6707 ("Institution"), hereby certify that the following is a true copy of a resolution duly adopted by the Institution's Board of Directors at a meeting duly called and held on this 21st day of October, 1992, 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.A. 1818(b) (West 1989 & Supp. 1992); 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 the 21st day of October, 1992, and, after due consideration and in the interest of regulatory compliance and cooperation, and without admitting or denying that such grounds exist, 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 First Federal Savings Bank of Florida this 21st day of October, 1992.

\_\_\_\_\_/S/  
Secretary