

## SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 23rd day of October, 1992 (the "effective date"), by and between T.C. Weeks, Timothy Simmons, Monte Simmons, Ralph B. Simmons, H.O. Weeks, Jr., Allison Weeks, Paige Weeks, H.O. Weeks, Sr., Thomas W. Weeks, Drew Weeks, Shannon Weeks, T. Warren Weeks Jr., and Frances T. Wright, (hereinafter the "Weeks Group") and the Office of Thrift Supervision ("OTS"), acting through its Southeast Regional Director or his designee ("Regional Director").

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

WHEREAS, in the interest of regulatory compliance and cooperation, the Weeks Group, without admitting or denying that they have violated certain of the laws or regulations to which they are subject, are 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 forbear from the initiation of such administrative proceedings against the Weeks Group to require the actions specifically covered by this Agreement for so long as the Weeks Group 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. The Weeks Group shall not, as of the effective date of this Agreement, increase their ownership in any class of voting securities of Security Federal Corporation, Aiken, South Carolina, OTS No. H-1130 ("SFC"), unless and until the OTS has issued notice of intent not to disapprove their Notice of Change in Control. However, members of the Weeks Group may, at any time, purchase additional shares of stock from other members of the Weeks Group

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or any corporate or partnership entities that are owned or controlled by a member of the Weeks Group, if those shares were owned by the selling member of the Weeks Group on December 31, 1991.

2. Simultaneously with the execution of this Agreement, the Weeks Group, in conjunction with any corporate or partnership entities owned by a member of the Weeks Group that continue to own shares of the stock of SFC as of the effective date of this Agreement, shall file a complete Notice of Change in Control with regard to SFC with the appropriate OTS offices.

3. The Weeks Group shall comply with the provisions of §7(j) of the FDIA, 12 U.S.C.A. §1817(j) (West 1989 and Supp. 1992) and 12 C.F.R. Parts 563b and 574.

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.

This Agreement has been duly authorized, executed and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of T.C. Weeks, Timothy Simmons, Monte Simmons, Ralph B. Simmons, H.O. Weeks, Jr., Allison Weeks, Paige Weeks, H.O. Weeks, Sr., Thomas W. Weeks, Drew Weeks, Shannon Weeks, T. Warren Weeks, and Frances T. Wright. 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).

Any time limitations imposed herein shall begin to run from the effective date hereof, except as otherwise specifically stated in this Agreement. Such time limitations may be extended by the Regional Director, in his sole discretion, for good cause shown upon written application.

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. It is understood that the execution of

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Regional Director

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