

95062

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 28TH day of July, 1992, by and between Seaboard Savings Bank, F.S.B., Stuart, Florida, OTS No. 8267, for itself and its wholly owned service corporations and subsidiaries (hereinafter called "Seaboard" or "Institution") 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 the 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.A. § 1818(b) (West 1989 & Supp. 1992); and

WHEREAS, the Institution, in the interest of regulatory compliance and cooperation, and without admitting that grounds exist for administrative proceedings by the OTS, 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. This Agreement supercedes in its entirety the Supervisory Agreement between the Institution and the OTS dated August 19, 1991 ("Prior Agreement"), which Prior Agreement is null and void.
2. The Institution shall comply with the provisions of 12 C.F.R. § 563.43 and any successor regulation.
3. The Institution shall comply with the lending limitations set forth at 12 C.F.R. § 563.93.

4. Within 90 days of the effective date of this Agreement, the Board of Directors of Seaboard ("the Board") shall review all asset classification deficiencies disclosed in the Institution's November 21, 1991 OTS Report of Examination ("1991 Exam"), and shall take any and all actions necessary to correct the deficiencies. Such corrective actions shall include, but shall not be limited to, the following:
 - a. The Classification of Assets Policy shall provide for the classification of real estate owned; and
 - b. Specific allowances for loan losses shall be established for all loss classifications determined by management and/or the OTS (or the amount classified Loss shall be charged off).

Such review and action shall be documented in the minutes of the Board meeting(s) at which the classification deficiencies are considered.

5. By no later than September 30, 1992, Seaboard shall establish General Valuation Allowances, pursuant to the Institution's General Valuation Allowance Policy, of no less than ten percent of its classified assets. Seaboard shall maintain at all times thereafter General Valuation Allowances of not less than ten percent of its classified assets.
6. Within 90 days of the effective date of this Agreement, the Board shall review and revise Seaboard's Interest Rate Risk Policy to correct the deficiencies cited in the 1991 Exam. Corrective action shall include, but not be limited to, the following:
 - a. The Board shall establish acceptable percentage and dollar limits on the change in net interest income because of instantaneous and sustained increases and decreases in interest rates of 100, 200, 300, and 400 basis points;
 - b. The Board shall establish acceptable percentage and dollar limits on the change in Market Value Portfolio Equity which will be allowed because of instantaneous and sustained increases and decreases in interest rates of 100, 200, 300, and 400 basis points;
 - c. Management should provide the Board with written current analysis, on at least a quarterly basis, indicating compliance or non-compliance with the limits and proposed corrective actions;
 - d. The Board shall amend the existing interest rate risk policy to include:

- I. The content and format of management reports to the Board, including compliance with the approved interest rate criteria,
 - II. The frequency of reports to the Board,
 - III. All amendments by the Board which have not been formalized within the policy, and
 - IV. An in-house interest rate risk management committee composed of, at a minimum, the president, the chief financial officer, and the chief lending officer; and
- e. The Board shall formally adopt this revised Interest Rate Risk Policy.
7. Seaboard shall maintain its Interest Rate Risk Policy in accordance with the provisions of 12 C.F.R. § 563.176 and OTS Thrift Bulletins 13, 13-1, and 13-2.
 8. Within 60 days of the effective date of this order, Seaboard shall obtain an appraisal on the secondary collateral securing Loan No. 90085, as discussed on page A-12.2 of the 1991 Exam. Seaboard shall obtain future appraisals in accordance with its Appraisal Policy and the provisions of 12 C.F.R. § 563.170.

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.

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

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Seaboard Savings Bank, F.S.B., Stuart, Florida, OTS No. 8267 ("Seaboard" or "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 the 28th day of July, 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

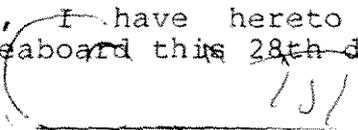
WHEREAS, the officers and directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the grounds exist to initiate administrative proceedings against Seaboard pursuant to Section 8 (b) of the Federal Deposit Insurance Act, 12 U.S.C.A., 1818 (b) (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 28th day of July, 1992, and after due consideration, and in the interest of regulatory compliance and cooperation, and further, without admitting that grounds exist for administrative proceeding by OTS, 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 Seaboard this ~~28th~~ day of July, 1992.


Secretary