

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 27th, day of April, 2009 (Effective Date), by and between Home Federal Bank of Hollywood, Hallandale Beach, Florida, OTS Docket No. 14725 (Association), a federal stock savings bank, acting by and through the Association's Board of Directors (Board), and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting by and through its Regional Director for the Southeast Region or his designee (Regional Director).

WHEREAS, the OTS is the primary Federal regulator of the Association pursuant to the Home Owners' Loan Act (HOLA), 12 U.S.C. §§ 1461 *et seq.*, and is the Association's appropriate Federal banking agency for purposes of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. §§ 1811 *et seq.*; and

WHEREAS, based on its November 3, 2008 examination of the Association (2008 Examination), the OTS finds that the Association has failed to comply with the requirements of laws and regulations to which the Association is subject, failed adopt and implement appropriate and comprehensive risk management practices and strategies, and failed to identify and correct other deficiencies and weaknesses in its operations; and

WHEREAS, the Association, which is subject to examination, regulation, and supervision by the OTS, is taking steps to address the violations of law and regulation, strengthen risk management programs, and correct weaknesses and deficiencies identified by the OTS; and

WHEREAS, in furtherance of their common goal to ensure that the Association

continues to address the violations of law and regulation, inadequate risk management programs, and weaknesses and deficiencies identified by the OTS, the Association and the OTS have mutually agreed to enter into this Agreement; and

WHEREAS, on April 20, 2009, the Association's Board, at a duly constituted meeting adopted a resolution (Board Resolution) that authorizes the Association to enter into this Agreement and directs compliance by the Association and its directors, officers, employees, and other institution-affiliated parties with each provision of this Agreement.

NOW THEREFORE, in consideration of the above premises, it is agreed as follows:

Compliance with Laws and Regulations.

1. The Association shall comply with all applicable laws, regulations, and regulatory guidelines including, but not limited to, the following:
 - a. The National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. §§ 4001-4129, as implemented by Part 572 of the OTS's Rules and Regulations, 12 C.F.R. Part 572 (collectively, Flood Laws and Regulations)
 - b. 12 C.F.R. §§ 560.170 and 562.1 (Records for Lending Transactions); and
 - c. 12 U.S.C. § 2801 et seq. and 12 C.F.R. Part 203 (Home Mortgage Disclosure Act (HMDA)).

Business Plan.

2. Within ninety (90) days, the Board shall prepare and submit to the Regional Director for review and comment a comprehensive business plan that covers the 2nd, 3rd and 4th quarters of calendar year 2009, calendar years 2010 and 2011, and the 1st quarter of calendar year 2012 (Business Plan). At a minimum, the Business Plan shall include:

a. a detailed and specific discussion of the Board's plans and strategies to strengthen and improve the Association's operations, earnings, and liquidity;

b. a discussion of the Association's current financial position and resources and specific Board strategies for ensuring that the Association has the financial and personnel resources necessary to implement and adhere to the Business Plan, adequately support the Association's risk profile, maintain compliance with applicable regulatory capital requirements, and maintain appropriate levels of liquidity;

c. a discussion of the Association's current capital position and future capital needs necessary to implement the strategies and business operations contained in the Business Plan;

d. a discussion of the effect of recent asset quality trends and current and projected real estate market conditions;

e. a discussion of the requirements and restrictions imposed by this Agreement;

f. quarterly pro forma financial projections (balance sheet, capital forecasts, and income statement); and

g. identification of all relevant assumptions made in formulating the Business Plan, as well as documentation supporting such assumptions.

3. The Board shall make any changes to the Business Plan required by the Regional Director within twenty (20) days after being notified of such changes and provide a copy of the revised Business Plan to the Regional Director for review. Upon receipt of approval of or non-objection to the revised Business Plan from the Regional Director, the Board shall adopt the revised Business Plan and the revised Business Plan shall be incorporated herein by reference and become a part of this Agreement and any violation of the revised Business Plan shall be a violation of this Agreement. A copy of the revised Business Plan and the Board meeting minutes

reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

4. The Board shall ensure that the Association adheres to and implements the revised Business Plan. Any material modifications to the revised Business Plan shall be submitted to the Regional Director for review and written non-objection at least forty-five (45) days prior to implementation. A modification shall be considered material under this section of the Agreement if the Association plans to: (a) engage in any activity that is inconsistent with the revised Business Plan; or (b) exceed the level of any activity contemplated in the revised Business Plan or fail to meet target amounts established in the revised Business Plan by more than 10%, unless the activity involves assets risk-weighted 50% or less, in which case a variance of more than 25% shall be deemed to be a material modification.

5. The Board shall require Management to prepare and submit to the Board quarterly variance reports on the Association's compliance with the revised Business Plan within thirty (30) days after the close of each calendar quarter (Quarterly Business Plan Variance Reports) beginning with the calendar quarter ending September 30, 2009. The Quarterly Business Plan Variance Reports shall: (a) identify material variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the revised Business Plan; (b) contain an analysis and explanation of the identified variances; and (c) detail the specific measures to be taken to address such variances, including adjustments to the underlying assumptions.

6. The Board shall review the Quarterly Business Plan Variance Reports and conduct a thorough review and assessment of the Association's compliance with the revised Business Plan and take corrective actions if necessary to ensure adherence to the revised Business Plan. The

Board's review of the Quarterly Business Plan Variance Reports and assessment of the Association's compliance with the revised Business Plan shall be fully documented in the appropriate Board meeting minutes. A copy of the Quarterly Business Plan Variance Report, any supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the Board's review and corrective actions, if any, shall be provided to the Regional Director within ten (10) days after the Board meeting.

Commercial Real Estate Lending.

7. Effective immediately, the Association shall not originate or purchase, commit to originate or purchase, or extend additional funds (except as discussed in Paragraph 10 of this Agreement) to existing borrowers on or relating to commercial real estate (CRE) loans without the prior written approval or non-objection of the Regional Director. Prior to requesting Regional Director approval or non-objection to resume origination activity on CRE loans, the Association shall have corrected all loan underwriting and credit administration deficiencies discussed in the 2008 Examination and addressed in this Agreement. A list of all identified deficiencies and corrective measures, including process or policy changes, internal/external audit changes and the date such changes were made, shall be included with the Association's request to the Regional Director to resume CRE loan origination activity.

8. The Association may only renew, extend, modify, or restructure existing CRE loans to facilitate a workout pursuant to a written loan modification program (Loan Modification Program) that requires: (a) documentation of the Association's efforts to obtain a principal reduction from the borrower; (b) compliance with the Association's loan underwriting and documentation policies and procedures; and (c) adherence to safe and sound banking practices.

9. Beginning with the month ending May 31, 2009, Management shall prepare and submit a

monthly report to the Board with detailed information on all renewals, extensions, modifications, or restructurings undertaken pursuant to the Loan Modification Program (Loan Modification Report). The Loan Modification Report shall include updated collateral value estimates and a discussion of the borrower's current creditworthiness and financial resources. The Board's review of the Loan Modification Report, including any corrective actions adopted by the Board, shall be fully documented in the meeting minutes.

10. The Association may fund legally binding commitments that were executed prior to the Effective Date of this Agreement. Prior to funding any commitment under this Paragraph, the Board shall ensure that the Association has and maintains the following: (a) a statement or opinion from legal counsel that the commitment in question is a legally binding commitment under applicable state law; and (b) documentation of the status and outcome of any negotiations between the Association and the requestor to limit or eliminate the Association's funding exposure.

Loan Underwriting and Credit Administration.

11. Within sixty (60) days, the Board shall strengthen and enhance the Association's loan underwriting and credit administration policies, practices, and controls to address all administration, monitoring, and documentation deficiencies and weaknesses discussed in the 2008 Examination (Credit Policy). At a minimum, the Board shall ensure that the Credit Policy:

a. requires documentation supporting the value of collateral and, where applicable, the proper perfection of the Association's lien(s);

b. requires and provides for an effective system for the retention, review, renewal, and updating by the Association of all required records, filings, and other credit related documents in compliance with 12 C.F.R. §§ 562.1 and 560.170; and

c. requires all modified loans, including extensions, to be approved and documented by the appropriate authority and that the rationale for modification and extension of loans be fully documented and supported in the Association's loan files.

The Board shall adopt the Credit Policy and ensure that Management adheres to and implements the Credit Policy. The Board will ensure that its adoption of the Credit Policy and all actions taken to address and correct the loan underwriting and credit administration deficiencies and weaknesses discussed in the 2008 Examination are detailed in the Board meeting minutes.

Interest Reserves.

12. Within thirty (30) days, Management shall prepare and submit to the Board for review a written monthly schedule of all outstanding loans with interest reserves, regardless of the funding source for such reserves (Interest Reserve Schedule). At a minimum, the Interest Reserve Schedule shall include the following:

- a. the total amount of interest reserves established, which shall include all prior interest reserve amounts;
- b. the total amount of interest reserves available and remaining;
- c. the loan maturity date and all renewal or extension dates;
- d. the projected date that the interest reserves shall be depleted; and
- e. the funding source for the interest reserves.

The Board shall review the Interest Reserve Schedule at each Board meeting and the Board's review, including any corrective actions adopted, shall be fully documented in the Board meeting minutes. A copy of the Interest Reserve Schedule and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Concentrations of Credit.

13. Within sixty (60) days, the Board shall revise the Association's written program for identifying, monitoring, and managing the risks associated with concentrations of credit to address the deficiencies and weaknesses discussed in the 2008 Examination and ensure compliance with the requirements and guidelines contained in 12 C.F.R. § 560.101 and CEO Memorandum # 252 (Credit Concentration Program). At a minimum, the revised Credit Concentration Program shall:

- a. establish specific limitations on concentrations of credit for all major loan categories (expressed as a percentage of the Association's total assets and total capital) to be implemented and adhered to by the Association;
- b. provide for additional stratification of each major loan category into subcategories and the establishment of concentration sub-limits within each subcategory (such as per development, subdivision, geographic location, builder, and industry);
- c. provide for enhanced monitoring and risk analysis of all concentrations of credit;
- d. require quarterly reviews of the Association's balance sheet to identify any new concentrations of credit requiring enhanced analysis and review consistent with the Credit Concentration Program;
- e. require a written analysis and quarterly reports to the Board of identified concentrations of credit assessing credit, liquidity, interest rate, or other risks associated with such concentrations of credit; and
- f. establish a written action plan, including specific time frames, for reducing the level of concentrations and reducing the risks associated with the Association's concentrations of credit described in the 2008 Examination.

The Board shall adopt the Credit Concentration Program and ensure that the Association adheres to and implements the Credit Concentration Program.

14. The Board shall require Management to prepare and submit for Board review a written report assessing the Association's compliance with the revised Credit Concentration Program within thirty (30) days after the close of each calendar quarter, beginning with the quarter ending June 30, 2009 (Concentration Report). The Board's review of the Concentration Report, including any corrective actions adopted by the Board, shall be fully documented in the appropriate Board meeting minutes. A copy of the Concentration Report and any supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Loan Review and Classification.

15. Within seventy-five (75) days, the Board shall revise the Association's policies and procedures for identifying and classifying problem assets (Loan Review and Classification Program). The Loan Review and Classification Program shall address the deficiencies and incorporate the changes discussed in the 2008 Examination to provide an effective Internal Asset Review process that will ensure the appropriate classification and reporting of the Association's assets and maintenance of adequate Allowance for Loan and Lease Loss (ALLL) levels. The Loan Review and Classification Program shall comply with 12 C.F.R. Part 560, Section II G of Appendix A to the Safety and Soundness Standards of 12 C.F.R. Part 570, Generally Accepted Accounting Principles and Statements of Financial Accounting Standards. The Board shall adopt the Loan Review and Classification Program and ensure that Management adheres to and implements the Loan Review and Classification Program.

Classified Assets.

16. Within sixty (60) days, the Board shall prepare detailed written asset resolution plans for each classified asset¹ and delinquent loan of Five Hundred Thousand Dollars (\$500,000) or greater (Asset Resolution Plans). At the first regularly scheduled Board meeting following the end of each calendar quarter, beginning with the quarter ending June 30, 2009, Management shall prepare and submit to the Board for review a quarterly written asset status report (Quarterly Asset Report). The Quarterly Asset Report shall provide a summary of and update on the current status of all Asset Resolution Plans and a discussion of any other actions taken by Management during the preceding quarter to reduce the Association's level of classified assets and delinquent loans.

17. The Board's review of the Quarterly Asset Reports, and any corrective actions adopted by the Board, shall be fully documented in the appropriate Board meeting minutes. A copy of the Quarterly Asset Reports and supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Allowance for Loan and Lease Losses.

18. Within forty-five (45) days, the Board shall revise the Association's policies, procedures, and methodology to ensure the timely establishment and maintenance of adequate ALLL levels in accordance with applicable laws, regulations, and regulatory guidance (ALLL Policy). The ALLL Policy shall, at a minimum: (a) address the deficiencies and weaknesses discussed, and adopt the recommendations contained, in the 2008 Examination; and (b) conform to the regulatory requirements and guidance contained in 12 C.F.R. § 560.160(b), Section 261 of the

¹ The term "classified asset" shall mean any asset classified as Special Mention, Substandard, Doubtful or Loss in the 2008 Examination or by the Association's internal or external loan review and classification processes.

OTS Examination Handbook, the December 13, 2006 Interagency Policy Statement on ALLL (CEO Memorandum # 250), and Generally Accepted Accounting Principles and Statements of Financial Accounting Standards.

19. Not less than annually, beginning with the fiscal year ending 2009, the Board shall retain a qualified and experienced third party consultant to conduct a review of the Association's ALLL methodology to verify and validate the accuracy, thoroughness, and effectiveness of the methodology for establishing appropriate levels of ALLL. A written report (ALLL Report) shall be prepared and submitted to the Board for review within forty-five (45) days following the end of each fiscal year end detailing the consultant's review and findings. The Board's review of the ALLL Report, including any corrective actions adopted by the Board, shall be fully documented in the Board meeting minutes. A copy of the ALLL Report and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the date of the Board meeting.

Brokered Deposits.

20. Effective immediately, the Association is prohibited from increasing the dollar amount of brokered deposits² at the Bank without receiving the prior written approval or non-objection of the Regional Director. The Bank's written request for such approval or non-objection should be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of acceptance of additional brokered deposits.

21. Within sixty (60) days, the Board shall prepare and submit to the Regional Director for review and comment a detailed two (2) year brokered deposit plan covering the second, third, and fourth quarters of calendar year 2009, calendar year 2010, and the first quarter of calendar year 2011 (Brokered Deposit Plan). The Brokered Deposit Plan shall, at a minimum, include: (a)

² The term "brokered deposit" is defined at 12 C.F.R. § 337.6(a)(2).

a detailed description of the current composition of the Association's brokered deposits, including the source of each deposit and its maturity date; and (b) comprehensive cash flow and brokered deposit projections forecasting funding needs and sources for each calendar quarter covered by the Brokered Deposit Plan. The Board shall make any changes to the Brokered Deposit Plan required by the Regional Director within thirty (30) days after being notified of such changes. The Board shall adopt the revised Brokered Deposit Plan and ensure that Management and the Bank adhere to and implement the revised Brokered Deposit Plan.

22. The Board shall require Management to prepare and submit to the Board quarterly variance reports on the Bank's compliance with the revised Brokered Deposit Plan within thirty (30) days after the close of each calendar quarter (Quarterly Brokered Deposit Variance Reports), beginning with the calendar quarter ending June 30, 2009. The Board shall review the Quarterly Brokered Deposit Variance Reports each quarter and take corrective actions if necessary to ensure adherence to the revised Brokered Deposit Plan. The Board's review of the Quarterly Brokered Deposit Variance Reports shall be fully documented in the appropriate Board meeting minutes. A copy of the Quarterly Brokered Deposit Variance Report, any supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the Board's review and corrective actions, if any shall be provided to the Regional Director within thirty (30) days after the Board meeting.

Staffing Review.

23. Within ninety (90) days, the Board shall conduct an analysis of the Association's staff including, but not limited to, all individuals involved in the lending and credit administration functions (Staffing Review). The Staffing Review will, at a minimum: (a) assess whether the Association's staff has the expertise, skills, and qualifications necessary to properly perform their

duties, including underwriting and credit administration; and (b) assess current staffing levels and determine whether additional staff is necessary to address the deficiencies and weaknesses noted in the 2008 Examination and ensure the Association's business and operations are conducted in a safe and sound manner and in compliance with applicable law, regulation, and OTS guidelines. The Staffing Review, and any corrective actions adopted by the Board to address identified staffing deficiencies, shall be fully documented in the Board meeting minutes. A copy of Board meeting minutes, including any supporting documents, reports, or other information prepared or reviewed by the Board in conducting the Staffing Review, shall be provided to the Regional Director within ten (10) days after the date of the Board meeting.

Investments.

24. Effective immediately, the Board shall require Management, in consultation with the Association's external audit firm, to perform an impairment analysis on all investments within the Association's securities portfolio to identify any assets that are "other than temporarily impaired" and determine whether any unrealized losses should be recognized through the Association's income statement (Impairment Analysis). The Impairment Analysis and the determinations regarding recognition of any losses shall be provided to the Board for review within sixty (60) days after the Effective Date of this Agreement. A copy of the Impairment Analysis, any supporting documents reviewed by the Board, and the Board meeting minutes detailing the Board's review, shall be provided to the Regional Director within ten (10) calendar days following the Board meeting.

Flood Insurance.

25. Within sixty (60) days, the Association shall develop a written policy and implement adequate procedures to ensure that the Association addresses all deficiencies and weaknesses

discussed in its 2008 Examination and complies with the requirements of the Flood Laws and Regulations (Flood Policy and Procedures). At a minimum, the Flood Policy and Procedures shall include:

- a. a detailed training plan to ensure that Association personnel receive appropriate training on the requirements of the Flood Laws and Regulations and the Association's Flood Policy and Procedures;
- b. systems and processes to ensure that adequate amounts of flood hazard insurance coverage are obtained in compliance with 12 C.F.R. § 572.3;
- c. systems and processes to ensure that required flood hazard insurance coverage remains in force throughout the life of a loan, as required by 12 C.F.R. § 572.3(a);
- d. policies, procedures, and systems to ensure full and adequate documentation demonstrating compliance with the Flood Laws and Regulations is maintained in all loan files; and
- e. a process or procedure to ensure that the amount of flood hazard insurance coverage obtained satisfies the requirements of the Flood Laws and Regulations.

26. Within sixty (60) days, the Board shall engage a qualified independent third party (Consultant) to conduct a review of all loans originated by the Association on or after July 29, 2005 (Relevant Loans) for compliance with the Flood Laws and Regulations. The Consultant shall identify all Relevant Loans that are secured by buildings or mobile homes located in special flood hazard areas and prepare a written report that, at a minimum: (a) identifies all loans that do not comply with the Flood Act Laws and Regulations; (b) details the specific provision(s) of the Flood Act Laws and Regulations not complied with; (c) sets forth recommended corrective

actions to address noncompliance; and (d) includes such other information as the Board may require (Flood Loan Report).

27. Within seventy-five (75) days, the Board shall adopt and ensure that Management implements appropriate corrective actions, which shall include all corrective actions discussed in the Association's 2008 Examination, to ensure that all loans noted on the Flood Loan Report comply with the Flood Act Laws and Regulations. The Board's review of the Flood Loan Report, and the corrective actions adopted by the Board shall be fully documented in the Board meeting minutes. A copy of the Flood Loan Report and the Board minutes shall be provided to the Regional Director within ten (10) calendar days after the date of the Board meeting.

Home Mortgage Disclosure Act.

28. Within sixty (60) days, the Board shall review and amend the Association's policies and procedures to ensure compliance with the requirements of HMDA, the regulations set forth at 12 C.F.R. § 203.4 (Regulation C), and to address the weaknesses and deficiencies discussed in the 2008 Examination (HMDA Policy). At a minimum, the Association's HMDA Policy shall:

a. designate an individual who shall be responsible for ensuring the accurate collection and recordation of all data and information required to be collected and maintained on the Association's Loan Application Register (LAR) by the provisions of the HMDA and Section 203.4 of Regulation C (HMDA Officer). The HMDA Officer shall be a member of Senior Management and shall be different from the person(s) responsible for inputting HMDA data into the LAR;

b. provide for the use of a HMDA summary sheet for each loan application file that identifies all information required to be entered and maintained on the Association's LAR to ensure accurate and timely entry of such data on the LAR; and

c. require Management to conduct a quarterly review of the Association's LAR to determine compliance with the Association's HMDA Policy and ensure that the LAR data matches the information in the loan application files by comparing entries on the LAR to an appropriate sample of loan files.

29. Within sixty (60) days, the Board shall ensure that all LAR errors identified in the Association's 2008 Examination have been corrected. The Board shall require Management to provide documentation to the Board demonstrating that all identified errors have been corrected.

Violations of Law.

30. Within sixty (60) days, the Board shall ensure that all violations of law, rule, and/or regulation cited in the Association's 2008 Examination are corrected. Within ninety (90) days, the Board shall prepare, adopt, and thereafter ensure that the Association adheres to specific procedures to prevent future violations.

31. Within thirty (30) days of receipt of any subsequent Report of Examination, internal audit report, independent external audit report, or other report prepared by the Association's employees, agents, or independent contractors, which cites or discusses any weakness, deficiency, or violation of law, rule, or regulation, the Board shall prepare, adopt, and thereafter ensure the Association adheres to specific procedures to correct such weaknesses, deficiencies, and violations and prevent future weaknesses, deficiencies, and violations.

Growth.

32. Effective immediately, the Association is subject to and shall comply with the requirements and provisions of OTS Regulatory Bulletin (RB) 3b. Without the prior written approval of the Regional Director, the Association shall not increase its total assets during any quarter, beginning with the quarter ending June 30, 2009, in excess of an amount equal to net

interest credited on deposit liabilities during the quarter. The growth restrictions imposed by this Paragraph shall remain in effect until the OTS review and approval of the Association's Business Plan under Paragraph 2 of this Order.

Management Changes.

33. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H, 12 C.F.R. §§ 563.550 through 563.590.

Employment Contracts and Compensation Arrangements.

34. Effective immediately, the Association shall not enter into, renew, extend, or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the OTS with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the OTS shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Severance and Indemnification Payments.

35. Effective immediately, the Association shall not make any golden parachute payment³ or prohibited indemnification payment⁴ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

³ The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

⁴ The term "prohibited indemnification payment" is defined at 12 C.F.R. § 359.1(l).

Third Party Contracts.

36. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant⁵ to the overall operation or financial condition of the Association or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the OTS with a minimum of thirty (30) days prior written notice of such arrangement or contract; (b) determined that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (c) received written notice of non-objection from the Regional Director.

37. Effective immediately, the Association shall provide the OTS with written notice of all arrangements or contracts with third party service providers consistent with the requirements of 12 U.S.C. § 1464(d)(7)(D)(ii). Such notice shall be provided to the Regional Director not later than thirty (30) days after the earlier of: (a) the date on which the Association enters into the contract; or (b) the date on which the performance of the service is initiated. The Board shall review all arrangements or contracts with third party service providers covered by this Paragraph to ensure compliance with the standards and guidelines set forth in TB 82a.

Dividends.

38. Effective immediately, the Association shall pay no dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

⁵ A contract shall be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two (2) percent of the Association's total capital.

Affiliate and Insider Transactions.

39. Effective immediately, the Association shall not engage in any transaction with an Affiliate⁶ unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which notice also shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate complies with the requirements of 12 C.F.R. § 563.41, 12 C.F.R. Part 223 (Regulation W), and the guidance contained in Section 310 of the OTS Examination Handbook. The Board shall ensure that documentation demonstrating such compliance is maintained in the Association's files and records.

40. Effective immediately, the Association shall not make any loans to or enter into any contracts or agreements with any Insiders except in compliance with all applicable laws, rules, and regulations including, but not limited to, 12 C.F.R. Part 215 and 12 C.F.R. § 564.43, and Section 310 of the OTS Examination Handbook. The Board shall ensure that the Association complies with the requirements of this Paragraph and that documentation demonstrating such compliance is maintained in the Association's files and records.

Board Compliance Committee.

41. Within thirty (30) days, the Board shall appoint a committee (Regulatory Compliance Committee) comprising three or more non-employee directors to monitor and coordinate the Association's compliance with the provisions of this Agreement and the completion of all corrective action required in the 2008 Examination.

42. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter ending June 30, 2009, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Agreement,

⁶ 12 C.F.R. § 223.2

the corrective actions required by the 2008 Examination, and the results of all such actions. The Board shall review the Regulatory Compliance Committee's progress report and adopt a resolution: (i) certifying that each director has reviewed the progress report; (ii) detailing the Association's compliance with the provisions of this Agreement and the corrective actions contained in the 2008 Examination; (iii) identifying each instance of noncompliance; and (iv) setting forth in detail additional corrective actions or steps adopted or required by the Board to address each instance of noncompliance.

43. Within forty-five (45) days after the end of each calendar quarter, the Board shall submit to the Regional Director: (a) a copy of the Regulatory Compliance Committee's quarterly progress report required by Paragraph 42 of this Agreement; and (b) a copy of the Board resolution required by Paragraph 42 of this Agreement, including the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the compliance with the provisions of this Agreement.

Effective Date.

44. ^{*} This Agreement is effective on the Effective Date as shown on the first page.

Duration.

45. This Agreement shall remain in effect until terminated, modified or suspended, by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

46. Calculation of time limitations for compliance with the terms of this Agreement run from the Effective Date and shall be based on calendar days, unless otherwise noted.

47. The Regional Director or authorized representative of the OTS may extend any of the deadlines set forth in the provisions of this Agreement upon written request by the Association that includes reasons in support for any extension. Any OTS extension shall be made in writing.

Submissions and Notices.

48. All submissions, including progress reports, to the OTS that are required by or contemplated by the Agreement shall be submitted within the specified timeframes.

49. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Agreement shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission, or hand delivery by messenger) addressed as follows:

- a. To the OTS:
Arthur W. Goodhand, Acting Regional Director
Office of Thrift Supervision
1475 Peachtree St., NE
Atlanta, Georgia 30309
404.897.1861 (Fax)

- b. To the Association:
Guy L. Lazzeri,
Chairman and CEO
Home Federal Bank of Hollywood
900 North Federal Highway
Hallandale Beach, Florida 33009
954.458.9130 (Fax)

No Violations Authorized.

50. Nothing in this Agreement shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

OTS Authority Not Affected.

51. Nothing in this Agreement shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

52. The Association acknowledges and agrees that its execution of the Agreement is solely for the purpose of resolving the matters addressed herein and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

Miscellaneous.

53. The laws of the United States of America shall govern the construction and validity of this Agreement.

54. If 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 or her sole discretion determines otherwise.

55. All references to the OTS in this Agreement shall also mean any of the OTS's predecessors, successors, and assigns.

56. The section and paragraph headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

57. The terms of this Agreement represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such

