

## SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 9th day of March, 2005 (Effective Date), by and between Carrollton Federal Bank, Carrollton, Kentucky, OTS No. 04069, (Carrollton or Bank), a Federally chartered savings bank, 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 Bank;

WHEREAS, based upon the Bank's August 9, 2004 Report of Compliance Examination and September 13, 2004 Report of Examination (collectively, the 2004 Examinations), the OTS is of the opinion that Carrollton has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Bank 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 Bank;

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

WHEREAS, the Bank, acting through its Board of Directors (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:

### Compliance With Laws and Regulations

1. The Bank, its Directors, officers, employees, agents, and subordinate organizations shall take all necessary and appropriate actions to comply with the following laws and regulations:
  - a. The OTS regulations regarding the establishment and maintenance of records set forth in 12 C.F.R. § 563.170;
  - b. The OTS regulations regarding real estate lending standards set forth in 12 C.F.R. § 560.101;
  - c. The OTS regulations regarding asset classification set forth in 12 C.F.R. § 560.160;
  - d. The Flood Disaster Protection Act, 42 U.S.C. § 4001 et seq. (FDPA) and the

regulations issued by the OTS at 12 C.F.R. § 572;

- e. The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) Regulations set forth in 31 C.F.R. Part 500; and
- f. The Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related BSA regulations issued by the U. S. Department of the Treasury, 31 C.F.R. §§ 103.11 et seq., and the OTS, 12 C.F.R. § 563.177 (collectively with the aforementioned laws and regulations, the BSA Laws and Regulations);.

### Loan Underwriting

2. Within ninety (90) days after the Effective Date of this Agreement, the Board shall review and revise the Bank's loan underwriting policies and procedures (Loan Policies) for each type of loan made or purchased by the Bank (e.g., construction, consumer, mortgage, commercial, nonresidential) to address the deficiencies noted in the 2004 Examinations. The Board shall ensure that the revised Loan Policies are comprehensive and comply with the requirements set forth in 12 C.F.R. §§ 560.100, 560.101 and 560.170 and the guidance provided in Section 210 of the OTS Thrift Activities Handbook (TAH). The Board shall be responsible for ensuring compliance with the Bank's Loan Policies and shall require such reports from Management as are necessary for the Board to fulfill its fiduciary duties. The Loan Policies shall, at a minimum:

- a. establish the types of loans to be made or purchased by the Bank in consideration of and commensurate with the Bank's business plan, operating strategies, lines of business, complexity, size, and the nature and scope of its activities;
- b. consider the nature, credit needs and economics of the markets in which the loans will be made or purchased by the Bank;
- c. establish the specific terms and conditions, including minimum credit standards, collateral requirements and pricing, for each type of loan that will be made or purchased by the Bank;
- d. establish documentation and recordkeeping requirements, including loan coding required to ensure accurate regulatory reporting, for all loans made or purchased by the Bank and specifically require, prior to any form of credit commitment, a thorough analysis and documentation of the borrower's overall financial condition and resources (including repayment sources), the financial responsibility of any guarantor, the nature and value of any underlying collateral, and the borrower's character and willingness to repay as agreed;

- e. establish the terms, conditions and requirements for the renewal, modification, extension or refinancing of any loan made or purchased by the Bank that is delinquent, including the identification of loans for which Board approval must be obtained, and require a quarterly report to be prepared for the Board identifying all delinquent loans that were renewed, modified, extended or refinanced by the Bank and the terms and conditions imposed in connection with such renewal, modification, extension or refinancing;
- f. establish and require an independent, ongoing credit monitoring and review process to monitor and review the Bank's outstanding loans, assess compliance with the Bank's Loan Policies and applicable regulatory requirements, ensure proper coding of all loans, and ensure that updated financial information and other necessary documentation is obtained and documented in the loan files; and
- g. require Management to report the findings of the credit review process to the Board for review and discussion with recommendations by Management regarding any necessary corrective actions that should be taken or have been taken to address or correct any noted deficiencies or weaknesses, and the Board shall fully document its review in the appropriate Board meeting minutes.

3. Effective immediately, the Board shall require Management to prepare and submit to the Board for review a quarterly report identifying all loans granted as an exception to the Bank's Loan Policies, including but not limited to loan to value limits (Quarterly Loan Policy Report). The Quarterly Loan Policy Report shall specify the nature of the exception and the aggregate level of loans outstanding that were granted as exceptions to the Bank's Loan Policies. The Board shall ensure that the total amount of loans granted as exceptions to the Bank's Loan Policies do not exceed the limitations set forth in 12 C.F.R. § 560.101. The Board's review of the Quarterly Loan Policy Report shall be fully documented in the appropriate Board meeting minutes.

#### Allowance for Loan and Lease Losses

4. Within sixty (60) days after the Effective Date of this Agreement, the Board shall develop, adopt, and implement policies and procedures for assessing, establishing and maintaining an appropriate Allowance for Loan and Lease Losses (ALLL) in accordance with OTS regulatory guidance, including 12 C.F.R. § 560.160(b), Section 261 of the TAH, and the December 21, 1993 Interagency Policy Statement on Allowance for Loan and Lease Losses (ALLL Policies). The Board shall require Management to adhere to the ALLL Policies adopted by the Board. The Board also shall verify that the Bank's ALLL is maintained at appropriate levels in the future. In assessing, establishing and maintaining an adequate ALLL, the Board shall, at a minimum, consider the following information prepared by Management:

- a. the results of all internal loan reviews and classifications;
- b. the loan loss experiences and history of the Bank;
- c. an estimate of the potential loss exposure on each significant credit;
- d. concentrations of credit; and
- e. present and prospective economic conditions.

5. The Board shall review the sufficiency of the ALLL at least once each calendar quarter. Any deficiency in the ALLL shall be cured in the quarter in which it is discovered, before the Bank files its Thrift Financial Report (TFR) with the OTS. The Board shall document the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL in the appropriate Board meeting minutes.

#### Asset Classification

6. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Bank's Asset Classification Policy (Classification Policy) consistent with the requirements of 12 C.F.R. § 560.160, Section 260 of the TAH, and the Bank's 2004 Examinations. The revised Classification Policy shall specifically require that Management prepare and present to the Board:

- a. periodic asset quality reviews conducted to identify problem assets and the appropriate classification of all such assets;
- b. internal valuation analyses for all problem assets identified by the review required by subparagraph (i) above;
- c. all internal valuations for problem assets secured by real estate include estimated net discounted cash flows;
- d. estimates of potential losses in identified problem assets and the establishment of appropriate loss allowances for all classified assets;
- e. the preparation of quarterly asset classification review reports (Asset Classification Reports), which shall identify problem or non performing assets for possible classification; discuss the problems and weaknesses of each identified asset; detail any actions taken with respect to such assets or any discussions with borrowers concerning resolution of the asset; contain Management's recommendations as to the appropriate classifications for each asset; and include all relevant and necessary supporting documentation; and

- f. prohibit the payment of all items presented against insufficient funds by borrowers on loans that have been classified in accordance with the Bank's Classification Policy.

7. The Asset Classification Reports required by this Agreement shall be reviewed and approved by the Board within thirty (30) days after Management's preparation of each Asset Classification Report. The Board shall verify that assets are being adequately classified and accurately reported on the TFR and shall fully document its review in the appropriate Board meeting minutes. A copy of each Asset Classification Report and the Board meeting minutes at which each report was reviewed and approved shall be provided to the Regional Director within ten (10) days after the Board's approval.

#### Staffing

8. Within sixty (60) days after the Effective Date of this Agreement, the Board shall develop, adopt, and implement a plan that addresses and improves staffing weaknesses in all departments of the Bank (Staffing Plan). The Staffing Plan shall include a Management succession plan and specifically consider and address the weaknesses and deficiencies noted in the Bank's 2004 Examinations. The Staffing Plan shall provide for the retention of such qualified and experienced personnel as are necessary to fulfill the Bank's current needs under the Staffing Plan. The costs of the Staffing Plan shall be considered and reflected in the Bank's business plan.

9. Within sixty (60) days after the Effective Date of this Agreement, the Board shall develop, implement, and thereafter ensure the Bank adheres to a comprehensive training program for appropriate Bank employees to ensure their awareness of and commitment to the Bank's compliance with applicable laws and regulations, as well as Bank policies and procedures (Training Program). The required Training Program should include strategies for mandatory attendance, the frequency of training, procedures and timing for updating training programs and materials, including a thorough review of previously identified violations and deficiencies, and the method of training. The Bank shall maintain adequate documentation and records of all training attended by each employee.

#### Business Plan

10. Within sixty (60) days after the Effective Date of this Agreement, the Board shall prepare, adopt and submit for Regional Director review and approval a new comprehensive three-year business plan that covers the fiscal years 2005, 2006 and 2007 (Business Plan). The Business Plan shall consider the Bank's existing operations, business strategies, current market conditions, local demographics, available resources, and existing capital levels. The Business Plan also shall consider the findings of the 2004 Examinations and the costs of all corrective actions required by the 2004 Examinations and this Agreement. The Board shall review the Business Plan on at least an annual basis and make such amendments as are necessary in

consideration of the Bank's performance under the prior year of the Business Plan. The Bank's Business Plan shall, at a minimum:

- a. clearly detail the specific goals and objectives of the Bank;
- b. accurately and completely describe the Bank's current operations and lines of business, including a comprehensive assessment of the risks presented by each operation and line of business;
- c. discuss the resource needs (personnel, capital, fixed assets, etc.) of each operation and line of business, including the resources currently available to and employed by each operation and line of business;
- d. consider the costs of the Staffing Plan, Training Program and independent credit review process required by this Agreement and include a discussion of the Board's plans for retaining qualified and experienced personnel or providing additional training for existing personnel to meet the Bank's current and future needs under the Business Plan;
- e. clearly, accurately and completely describe and discuss the intended operations and lines of business that will be pursued by the Bank, including any off balance sheet activities or other new activities, and identifying the target markets that will be served by such existing or intended operations or lines of businesses;
- f. discuss the financial and fixed asset resources that will be needed and required by increases in existing operations and lines of business or any new operations and lines of business and the Board's plans and strategies for ensuring the availability of such resources, including the maintenance of capital sufficient to maintain well capitalized status and adequately support the risk profile of the Bank; and
- g. detail the Bank's operating strategies for each operation and line of business, including quarterly pro forma financial statements and budgets and the identification of all relevant assumptions for the period covered by the Business Plan (e.g., projected interest rates, loan delinquency rates, sources and uses of funds, cash flows, etc.).

11. The Board shall make any changes to the Business Plan required by the Regional Director within thirty (30) days after receipt of notification from OTS. Thereafter, the Board shall direct Management to follow and implement the Business Plan as approved by the Board and ensure that the Bank adheres to the Business Plan required by this Agreement. Any new activity, operation or line of business shall require the prior review and approval of the Board. Any material modifications to the Business Plan shall be submitted to the Regional Director forty-five (45) days prior to implementation. Management shall prepare quarterly variance reports on the Bank's compliance with the Business Plan within thirty (30) days after the close of

each calendar quarter. Such variance reports shall detail actual operating results versus projected results and shall include an explanation of any material deviation from the Business Plan and a specific description of the measures that have been implemented, proposed or are under consideration to correct any material deviation. The Board shall review the variance reports on a quarterly basis to monitor the Bank's compliance with the terms of the Business Plan. The Board's review shall be fully documented in the Board meeting minutes. A deviation shall be considered material under this Paragraph 11 when:

- a. the Bank engages in any activity that is inconsistent with the Business Plan; or
- b. the Bank exceeds the level of any activity contemplated in the Business Plan or fails to meet target amounts established in the 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 deviation.

### Liquidity

12. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Bank's cash management and liquidity policy (Liquidity Policy) to address the deficiencies noted in the 2004 Examinations and ensure compliance with the requirements of OTS Thrift Bulletin (TB) 77. The Liquidity Policy shall include comprehensive reporting requirements involving both short-term and long-term analysis of liquidity and cash flow (into and out of the Bank). The Liquidity Policy shall, at a minimum, include:

- a. a detailed process for measuring and monitoring liquidity that includes forecasting cash inflows and outflows over varying time periods, including on a daily basis, to identify potential cash imbalances;
- b. quantitative guidelines and limits to ensure adequate liquidity;
- c. quarterly reports to the Board regarding the Bank's liquidity position; and
- d. a schedule for periodic review of the Bank's liquidity policy and procedures to ensure that they remain current and adequately address changes in liquidity risk limits, liquidity strategy, information systems and internal controls.

### Interest Rate Risk

13. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and revise the Bank's interest rate risk policy (IRR Policy) to address the deficiencies noted in the 2004 Examinations. The IRR Policy shall contain reasonable interest rate risk limitations as established by the Board and ensure the review and management of interest rate risk in a manner that is appropriate to the size of the Bank and the complexity of its assets and liabilities. The limits shall specify the net portfolio values acceptable under the current interest rate environment

and for sustained rate increases and decreases of 100, 200 and 300 basis points. Management shall prepare quarterly interest rate risk reports for the Board in accordance with the requirements of the IRR Policy. The Board shall be responsible for ensuring compliance with the IRR Policy and shall review the Bank's interest rate risk position and the reports prepared by Management on a quarterly basis. The Board shall fully document its review of the quarterly interest rate risk reports in the appropriate Board meeting minutes.

#### Office of Foreign Assets Control

14. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and revise the Bank's policies and procedures to implement the applicable requirements of the OFAC Regulations, 31 C.F.R. Part 500. The Board shall ensure that all new deposit and loan accounts are being checked against the OFAC control list and that such checks are properly documented and maintained in the records of the Bank.

15. Within thirty (30) days after the Effective Date of this Agreement, the Board shall require Management to conduct a complete customer database check of all outstanding deposit and loan accounts against the most current OFAC control list. The Board shall review the results of the OFAC check conducted by Management at the next regularly scheduled Board meeting following completion of the OFAC check. The Board's review shall be detailed in the appropriate Board meeting minutes and documentation evidencing the completion and results of the Bank's OFAC check shall be maintained in the Bank's files.

#### Anti-Money Laundering/BSA Compliance

16. Within thirty (30) days after the Effective Date of this Agreement, the Board shall review and revise the Bank's BSA policies and procedures to strengthen and ensure the Bank's compliance with the BSA Laws and Regulations (BSA Policy). At a minimum, the changes to the Bank's BSA Policy shall include:

- a. a review process to ensure that all Currency Transaction Reports (CTRs) and Suspicious Activity Reports (SARs) prepared by the Bank are fully and accurately completed and timely filed with the appropriate regulatory and law enforcement agencies; and
- b. procedures to ensure that an annual independent test of the Bank's compliance with the BSA Laws and Regulations is conducted by a qualified independent outside third party with knowledge of the BSA Laws and Regulations and experience in compliance with the requirements imposed by such laws and regulations.

17. Effective immediately, the Board shall require an independent test of the Bank's compliance with the BSA Laws and Regulations for calendar years 2003 and 2004 to be conducted in accordance with the requirements of Paragraph 16(b) above. The 2003 and 2004

independent test shall be completed within sixty (60) days after the Effective Date of this Agreement. The Board shall review the final findings of the independent test of the Bank's compliance with the BSA Laws and Regulations conducted pursuant to Paragraph 16(b) above of this Agreement. Thereafter, the final findings of each future annual independent test conducted pursuant to Paragraph 16(b) above shall be promptly reported to and reviewed by the Board at the next regularly scheduled Board meeting following completion of the independent test. The Board shall ensure that its discussions of the testing results, including any actions taken or required by the Board, are thoroughly and accurately documented in the appropriate Board meeting minutes. The Bank shall retain all workpapers generated by or in connection with the independent testing of the Bank's BSA Program and compliance. A copy of the independent test results for calendar years 2003 and 2004, as well as the minutes reflecting the Board's review and discussion of such test results, shall be provided to the Regional Director within ninety (90) days after the Effective Date of this Agreement.

#### Flood Disaster Protection Act

18. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Bank's FDPA policies and procedures (FDPA Policy) to ensure the Bank fully complies with the FDPA and the OTS regulations at 12 C.F.R. Part 572 (collectively, the FDPA Laws). The FDPA Policy shall establish a system to ensure that appropriate flood insurance is obtained and maintained on property securing a loan from the Bank and that all flood determinations and notices are accurately and timely completed and made.

19. Within ninety (90) days after the Effective Date of this Agreement, the Board shall require Management to conduct a review of all loans originated between January 1, 2002 and the Effective Date of this Agreement to identify all loans that are subject to but not in compliance with the requirements of the FDPA Laws. Within one hundred and twenty (120) days after the Effective Date of this Agreement, Management shall prepare and provide to the Board a report detailing the results of the review (FDPA Report). The FDPA Report shall list all loans subject to the FDPA Laws, identify those loans with deficiencies or otherwise found to be in non-compliance with the FDPA Laws, detail the specific deficiencies and/or non-compliance with the FDPA Laws, and suggest corrective action to be taken to remedy such deficiencies and non-compliance. A copy of the FDPA Report and the Board minutes detailing the Board's review shall be provided to the Regional Director within thirty (30) days after the date of the Board meeting at which the FDPA Report is presented and reviewed by the Board.

#### Director Responsibility

20. Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual Director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Bank at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

Compliance with Agreement

21. All policies, procedures, corrective actions, plans, programs, reviews and systems required by this Agreement (collectively, Policies and Procedures) shall conform to all applicable statutes, regulations, OTS policy and guidance. The Board shall submit copies of all Policies and Procedures required by this Agreement to the Regional Director within the timeframes specified or, in the event a timeframe is not specified, within thirty (30) days after adoption by the Board. The Board shall revise such Policies and Procedures as required by the Regional Director within thirty (30) days of receipt of written direction from the Regional Director. The Policies and Procedures, as modified consistent with the written direction of the Regional Director, shall be incorporated into this Agreement and any deviation from such Policies and Procedures shall be a violation of this Agreement.

22. The Board shall require Management to correct all deficiencies identified in the Bank's 2004 Examinations, as directed therein, except where such direction is modified or changed by the terms of this Agreement. Further, the Board and Management of the Bank shall take immediate action to cause the Bank to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Agreement.

23. The Board shall, on a quarterly basis beginning with the calendar quarter ending March 30, 2005, adopt a board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including a report from Management regarding the Bank's compliance with each numbered paragraph of this Agreement), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Bank has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall:

- a. specify in detail how, if at all, full compliance was found not to exist; and
- b. identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

24. The minutes of each meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution:

- a. the identity of each Director voting in favor of its adoption; and
- b. 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.

25. Within thirty (30) calendar days after the end of each calendar quarter, beginning with the

calendar quarter ending March 30, 2005, the Board shall provide to the Regional Director a certified true copy of the Compliance Resolution[s] adopted at the Board meeting pursuant to Paragraph 23 of this Agreement. The Board, by virtue of the Bank's submission of a certified true copy of such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except that in the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the Board meeting minutes.

26. The Board shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Agreement, including making Bank records and documents available for OTS examiner review upon request.

### Definitions

27. 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, Federal Deposit Insurance Act (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.

### Successor Statutes, Regulations, Guidance, Amendments

28. 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.

### Notices

29. 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:

- a. the OTS by the Bank, 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 Street, 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.
- b. the Bank 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 Bank at 455 Main St., Carrollton, Kentucky, 41008 or telecopied to 502.732.4274 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

Duration, Termination or Suspension of Agreement

30. This Agreement shall:
- a. become effective upon its execution by the OTS, through its authorized representative whose signature appears below; and
  - b. 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).
31. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

Time Limits

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

Effect of Headings

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

Separability Clause

34. 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 sole discretion determines otherwise.

No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

35. Nothing in this Agreement shall be construed as:
- a. allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject; or
  - b. restricting the OTS from taking such action(s) as 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.

Successors in Interest/Benefit

36. 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 their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Signature of Directors

37. Each Director signing the Agreement attests, by such act, that she or he voted in favor of a Board resolution authorizing the execution of this Agreement by the Bank.

Integration Clause

38. 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. However, as noted herein, all Policies and Procedures required by this Agreement shall, upon modification consistent with the direction of the Regional Director, become part of this Agreement and any deviation from these policies shall be deemed a violation of this Agreement.

Enforceability of Agreement

39. The Bank 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 the Bank. The Bank 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.

Counterparts

40. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

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

THE BANK

OFFICE OF THRIFT SUPERVISION

By: *Paul Sear*  
Name:  
Title: *CEO*

By: *John E. Ryan*  
John E. Ryan  
Southeast Regional Director

*[Signature]*  
Director

March 9, 2005

          
Dated

*K. C. Hill*  
Director

*David K. Moore*  
Director

*Mary Frances Mezzard*  
Director

*P. Ray Clem*  
Director

*Jessica Zayse*  
DIRECTOR