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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Metropolitan Federal Savings and)
Loan Association)
Nashville, Tennessee)

OTS No.: CIN 90- 15

Dated: October 15, 1990

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its District Director for the Cincinnati District Office of OTS and Metropolitan Federal Savings and Loan Association, Nashville, Tennessee ("Metropolitan") stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Metropolitan pursuant to the Federal Deposit Insurance Act ("FDIA"), sec. 8(b), 12 U.S.C.A. Sec. 1818(b)(West 1989). Metropolitan desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance of the OTS from initiating such administrative cease and desist litigation against Metropolitan with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

1 C Supervisory File
 C Corporate File
 C Holding Co. File #
1 C OTS - Dockets
1 C Examinations
 C State Dept. _____
 C FDIC - Chicago, IL
1 C FDIC - Memphis, TN
 C Audit File _____ CRA
 C Circulating File
1 C Membership File
1 C MLO, RJB, PHB
 10-17-90

(Date)

On October 1, 1988, J. Franklin McCreary was retained as President and Chief Operating Officer, and on January 1, 1989, P.D. Houston, III was retained as Vice Chairman-Credit Quality. Such actions were taken after the identification of asset quality problems and as an attempt to alleviate them. The OTS has not requested Metropolitan to make any changes in the existing executive management team as a condition of this Order.

2. Jurisdiction.

(a) Metropolitan is a "savings association" and an "insured depository institution" as defined by 12 U.S.C.A. secs. 1462 and 1813 (West 1989).

(b) The Director of OTS is the "appropriate Federal Banking Agency" to maintain a cease and desist proceeding against such a savings association pursuant to 12 U.S.C.A. sec. 1818(b)(West 1989). Therefore, Metropolitan is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it.

3. Consent. Metropolitan consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon its issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under 12 U.S.C.A. sec. 1818(b)(West 1989). Upon its issuance by the District Director for the Cincinnati District Office, OTS, the Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C.A. sec. 1818(1)(West 1989).

5. Waivers. Metropolitan waives its right to a notice of charges and the administrative hearing provided by 12 U.S.C.A. sec. 1818(b)(West 1989), and further waives its right to seek judicial review of the Order, including any such right provided by 12 U.S.C.A. sec. 1818(h)(West 1989) or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the District Director for the Cincinnati District Office, on behalf of the OTS, and Metropolitan execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION

METROPOLITAN FEDERAL SAVINGS AND LOAN
ASSOCIATION
by a majority of its directors:

By: 151
Lawrence B. Muldoon
District Director
Cincinnati District Office

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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Metropolitan Federal Savings and)
Loan Association)
Nashville, Tennessee)

Re: OTS No.: CIN 90- 15

Dated: October 15, 1990

ORDER TO CEASE AND DESIST

WHEREAS, Metropolitan Federal Savings and Loan Association, Nashville, Tennessee ("Metropolitan"), through a majority of its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its District Director for the Cincinnati District Office; and

WHEREAS, Metropolitan, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to the Federal Deposit Insurance Act ("FDIA"), section 8(b), 12 U.S.C.A. § 1818(b) (West 1989).

NOW THEREFORE, IT IS ORDERED that Metropolitan and its directors, officers, employees, and agents shall cease and desist as follows:

1. Metropolitan shall not commit to fund or commit to purchase any loan or participation interest in any land acquisition, development and construction loans ("ADC loans"). The renewal or extension of notes evidencing ADC loans funded or partially funded prior to the effective date of this Order is not prohibited hereby, provided such notes:

A) are not delinquent; B) have not been delinquent within the 90 days prior to the proposed renewal or extension; C) are not adversely classified by the OTS or internally by the association; and D) are approved by Metropolitan's Executive Committee. In addition, a report covering renewals handled during the month shall be sent by the tenth of the following month to the District Director reporting the name of the borrower, the principal amount renewed and the maturity date of the renewal note. The prior written approval of the District Director shall be required for the renewal or extension of any ADC note which: A) is delinquent; B) has been delinquent within the 90 days prior to the proposed renewal or extension; or C) has been adversely classified by OTS or the association. The granting of 1-4 family residential construction loans is not prohibited by this part.

2. Metropolitan shall not commit to issue any letter of credit. Draws against existing letters of credit may be handled in accordance with Metropolitan's usual practices and procedures. The renewal or extension of letters of credit is not prohibited hereby, provided such letters of credit: A) are not adversely classified by OTS or the association; and B) are approved by Metropolitan's Executive Committee. In addition, a report covering renewals handled during the month shall be sent by the tenth of the following month to the District Director reporting the name of the borrower, the principal amount renewed and the maturity date of the renewal letter of credit. The prior written approval of the District Director shall be required for the renewal or

extension of any letter of credit which has been adversely classified by OTS or the association.

3. Neither Metropolitan nor any wholly owned subsidiary including Union Financial Corporation ("UFC"), shall enter into any joint ventures. Joint ventures in which UFC is a venturer ("UFC joint ventures") shall be wound up and dissolved at the earliest feasible time. A list of all existing joint ventures stating the name of the joint ventures, the principal amount of each note and maturity of each note shall be provided to the District Director within 30 days of the effective date of this Order and within ten days after the end of each calendar quarter. With the approval of Metropolitan's Executive Committee, Metropolitan and/or UFC may fund additional loans or advances to UFC joint ventures existing as of the effective date of this Order for the purpose of constructing or completing construction of single family residential houses on eight lots owned by existing UFC joint ventures provided the loans or advances are in conformance with all other laws and regulations applicable to Metropolitan. Metropolitan and/or UFC may renew notes evidencing loans or advances outstanding as of the effective date of this Order to UFC joint ventures provided: A) the loans or advances are in conformance with all other laws and regulations applicable to Metropolitan; B) the notes evidencing loans or advances are not delinquent; C) such notes have not been delinquent within the 90 days prior to the renewal or extension; and D) the loans and advances have not been adversely classified by OTS or the

association.

A report covering renewals handled during the month shall be sent by the tenth of the following month to the District Director reporting the name of the borrower, the principal amount renewed and the maturity date of the renewal note. The prior written approval of the District Director shall be required for the renewal of any note which: A) is delinquent; B) has been delinquent within the 90 days prior to the renewal; or C) has been adversely classified by the OTS or the association.

4. Metropolitan shall not commit to fund or commit to purchase any loans or participation interests in any loans secured by any one project containing five or more dwelling units ("multifamily loans") if said loans or participation interests, when aggregated with all other indebtedness by the borrower to Metropolitan, would exceed \$1.0 million. The renewal or extension of any note evidencing a multifamily loan which exceeds \$1.0 million and which was funded prior to the effective date of this Order is not prohibited, provided such note: A) is not delinquent; B) has not been delinquent within the 90 days prior to the renewal or extension; C) has not been adversely classified by the OTS or the association; and D) is approved by Metropolitan's Executive Committee. The prior written approval of the District Director shall be required for the renewal or extension of any note evidencing a multifamily loan in excess of \$1.0 million which: A) is delinquent; B) has been delinquent within the 90 days prior to the proposed renewal or extension; or C) has been adversely classified by the OTS or the

association.

5.A. Metropolitan shall not commit to fund or commit to purchase any commercial loan or participation interest in any commercial loan ("commercial loan") or commit to any commercial line of credit ("commercial line") if the amount of said commitment, when aggregated with all other indebtedness by the borrower to Metropolitan, would exceed \$500,000. All commitments for commercial loans and commercial lines in excess of \$100,000 shall be approved by Metropolitan's Executive Committee. The renewal or extension of any notes evidencing commercial loans and commercial lines, funded and unfunded, in excess of \$500,000 is not prohibited hereby, provided: A) such note is not delinquent; B) such note has not been delinquent within the 90 days prior to the renewal or extension; C) the commercial loan or commercial line has not been adversely classified by OTS or the association; and D) the commercial loan or commercial line is in conformance with all other laws and regulations applicable to Metropolitan. A report covering renewals handled during the month shall be sent by the tenth of the following month to the District Director reporting the name of the borrower, the principal amount renewed and the maturity date of the renewal note. The prior written approval of the District Director shall be required for the renewal or extension of any note evidencing a commercial loan or commercial line in excess of \$500,000 which: A) is delinquent; B) has been delinquent within the 90 days prior to the renewal or extension; or C) has been adversely classified by the OTS

or the association.

Notwithstanding the authority provided by this part to grant commercial loans and commercial lines, Metropolitan agrees not to increase the combined total amount of its commercial loans and commercial lines above the amount as calculated by using the figures reported on its September 30, 1990 Quarterly Thrift Financial Report. Metropolitan shall continue to be subject to applicable limitations imposed by statute or regulation with respect to authorized aggregate investments in commercial loans and commercial lines.

5.B. An increase in the combined total amount of commercial loans or commercial lines resulting from the funding of outstanding commercial lines or letters of credit which otherwise results in a violation of the aggregate limit on commercial loans and commercial lines mandated by this Order shall not constitute a violation of this Order. Any such increase shall, however, be considered in calculating Metropolitan's authority to grant additional commercial loans or commercial lines pursuant to the restrictions set forth in Section 5A of this Order. Further, any decrease in the combined total amount of commercial loans or commercial lines resulting from the reclassification of such loans or lines into commercial real estate loans as contemplated by Section 6B of this Order shall continue to be considered in calculating Metropolitan's authority to grant additional commercial loans or commercial lines pursuant to the restrictions set forth in Section 5A of this Order.

5.C. Metropolitan's sale of federal funds to commercial banks or a Federal Home Loan Bank shall not be restricted in any way by the foregoing. Said sales may continue to be handled according to the policies and procedures approved by the Executive Committee.

6.A. Metropolitan shall not commit to fund or commit to purchase any commercial real estate loan if the amount of said commitment, when aggregated with all other indebtedness by the borrower to Metropolitan, would exceed \$1.0 million. All new commitments for commercial real estate loans in excess of \$100,000 shall be approved by Metropolitan's Senior Credit Committee and all new commitments for commercial real estate loans in excess of \$500,000 shall be approved by Metropolitan's Executive Committee. The renewal or extension of any note evidencing a commercial real estate loan in excess of \$1.0 million is not prohibited hereby, provided: A) such note is not delinquent; B) such note has not been delinquent within the previous 90 days; C) the loan has not been adversely classified by OTS or the association; and D) the loan is in conformance with all other laws and regulations applicable to Metropolitan. The prior written approval of the District Director shall be required for the renewal or extension of any note evidencing a commercial real estate loan in excess of \$1.0 million which: A) is delinquent; B) has been delinquent within the 90 days prior to the renewal or extension; or C) has been adversely classified by the OTS or the association.

Notwithstanding the authority provided by this part to grant commercial real estate loans, Metropolitan agrees not to increase the combined total amount of commercial real estate loans above the amount as calculated by using the figures reported in its September 30, 1990 Quarterly Thrift Financial Report. Loans to facilitate the sale of real estate owned made after September 30, 1990, shall not be counted as commercial real estate loans in this calculation. Metropolitan shall continue to be subject to applicable limitations imposed by statute or regulation with respect to authorized aggregate investments in commercial real estate loans.

6.B. An increase in the combined total amount of commercial real estate loans resulting from the funding of outstanding letters of credit or the reclassification of commercial loans or commercial lines which otherwise results in a violation of the aggregate limit on commercial real estate loans mandated by this Order shall not constitute a violation of this Order. Any such increase shall, however, be considered in calculating Metropolitan's authority to grant additional commercial real estate loans pursuant the restrictions set forth in Section 6A of this Order.

7. Notwithstanding the above authority to grant limited amounts of new commercial loans, commercial real estate loans, and multifamily loans, in the event Metropolitan fails to meet any of its minimum capital requirements, Metropolitan's authority to grant such new loans shall be subject to the written approval of the District Director until an acceptable capital plan is approved.

8. Loans to facilitate the sale of real estate owned ("REO") by Metropolitan or UFC, including loans to improve or rehabilitate such properties, may, with the approval of Metropolitan's Executive Committee, be granted in any amount within the loans to one borrower limitations and in conformance with all other laws and regulations applicable to Metropolitan, provided each such loan is structured so as to be properly accounted for as a sale under generally accepted accounting principles ("GAAP") and Metropolitan's Executive Committee determines that in the Committee's best judgment the sale will lessen Metropolitan's potential for eventual loss in the REO which is the subject of the sale. A report covering loans between \$1.0 million and \$10.0 million to facilitate the sale of REO during the month shall be sent by the tenth of the following month to the District Director reporting the name of the borrower, principal amount of the loan to facilitate and a brief description of the REO sold.

Notwithstanding the authority to grant loans to facilitate provided by this part, each loan to facilitate the sale of real estate owned in excess of \$10.0 million shall require the prior written approval of the District Director

9. Funding of legally binding commitments existing as of the date of this Order shall not constitute a violation of this Order. Any increase in the combined total amount of commercial loans or commercial lines or in the combined total amount of commercial real estate loans resulting from the funding of such commitments shall be considered,

however, in calculating Metropolitan's authority to grant additional such loans pursuant to the restrictions set forth in Sections 5A and 6A, respectively. A list of such commitments and the details surrounding the obligation to fund such commitments shall be submitted to the OTS District Counsel within 30 days of the issuance of this Order.

10. After the effective date of this Order, without the prior written approval of the District Director, neither Metropolitan nor UFC shall enter into any transaction with any borrower which would amount to a troubled debt restructuring (excluding foreclosure and deed in lieu of foreclosure transactions where the borrower is not released from liability of more than \$100,000) under Statement of Financial Accounting Standards No. 15, "Accounting by Debtors and Creditors for Troubled Debt Restructurings" ("FASB 15").

11. Metropolitan may advance additional funds up to \$100,000 to protect the collateral securing the indebtedness of any one borrower and such advance or advances will not create a violation of this Order. Advances in excess of \$100,000 to protect the collateral securing the indebtedness of any one borrower, if approved in advance by the District Director, will not create a violation of this Order. The District Director will use his best efforts to expedite any request by Metropolitan under this section. Notwithstanding this authorization, for purposes of determining Metropolitan's authority to grant additional loans otherwise prohibited by this Order, any such advances shall be counted towards the applicable aggregate limits set forth in Sections 5A and 6A of this Order.

12. Metropolitan shall take all necessary steps to ensure the accuracy of its books and records as required by 12 C.F.R. 563.170(c), for the purpose of, inter alia, providing the OTS with access to a complete and accurate record of its lending activities.

13. The prior written approval of the District Director for any request under this Order shall be conclusively presumed to have been given, if the District Director shall not have denied, or submitted a request for additional information, by the close of the twentieth (20th) business day after such request was received in the office of the District Director. All requests by Metropolitan shall be forwarded to the District Director with a copy forwarded to the District Supervisor. All requests by Metropolitan and responses by the District Director shall be transmitted by express overnite delivery. Metropolitan shall confirm receipt by the District Supervisor of all requests it submits.

14. For purposes of aggregating the indebtedness of any borrower to Metropolitan pursuant to the restrictions set forth in Sections 4, 5A, and 6A of this Order, any indebtedness resulting from owner occupied residential one-to-four family permanent or construction loans, consumer loans, home equity loans and loans secured by savings or certificates of deposits shall not be included for such purposes.

15. Overdrafts paid in the ordinary course of business not exceeding \$10,000 at any time on any one deposit account shall not be considered to be loans or extensions of credit for the purpose of this Order and shall not be considered in calculating Metropolitan's

authority to grant additional loans or in the aggregate limitations pursuant to Sections 4, 5 and 6 of this Order.

For the purpose of this Order a deposit account shall not be considered overdrawn if funds are received by Metropolitan to cover items presented for payment prior to Metropolitan's deadline for returning such items unpaid.

For purposes of this Order, a note or loan will be considered "delinquent" if any contractually required payment is thirty days or more past due. The term "adversely classified" shall mean substandard, doubtful, or loss as those terms are defined by 12 C.F.R. 563.160(b). All other technical words or terms used in this Order, for which meanings are not specified or otherwise provided shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations ("CFR"); Home Owners' Loan Act, ("HOLA") or FDIA, and any such technical words or terms used in this Order, and undefined by the statutes, rules and regulations contained in said CFR, HOLA, FDIA or OTS Memoranda, shall have meanings that accord with the best custom and usage in the savings and loan industry.

THE OFFICE OF THRIFT SUPERVISION

BY: 181
Lawrence B. Muldoon
District Director
Cincinnati District of the
Office of Thrift Supervision