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UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of BAY FINANCIAL SAVINGS BANK Tampa, Florida	Re: Resolution No. ATL-90-15 DATED: November 27, 1990

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Southeast Regional Office, OTS, and Bay Financial Savings Bank, Tampa, Florida, OTS Docket Number 8051 ("Bay Financial" or "Institution") 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 Bay Financial pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. Sc 1818(b). Bay Financial desires to cooperate with the OTS and to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist proceeding against Bay Financial with respect to the matters covered in the accompanying Order to Cease and Desist ("Order").

2. Jurisdiction.

(a) Bay Financial is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA, 12 U.S.C. 1813(c).

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, Bay Financial is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. Sc 1818(b).

3. Consent

Bay Financial consents to the issuance by the OTS of the Order. It further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality

The Order is issued under Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. Sc 1818(b). Upon its issuance by the Regional Director for the Southeast Regional Office, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA, 12 U.S.C. Sc 1818(i).

5. Waivers

Bay Fiancial waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA, 12 U.S.C. Sc 1818(b), an further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA, 12 U.S.C. Sc 1818(h), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Regional Director for the Southeast Regional Office, OTS, and Bay Fiancial, by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION	BAY FINANCIAL SAVINGS BANK by a majority of its directors
By:	
/S/	/S/
John E. Ryan Regional Director Southeast Regional Office	/S/
	/S/
	/S/
	/S/

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In the Matter of BAY FINANCIAL SAVINGS BANK Tampa, Florida	Re: Resolution No. ATL-90-15 DATED: November 27, 1990

ORDER TO CEASE AND DESIST

WHEREAS, Bay Financial Savings Bank, Tampa, Florida, Docket Number 8051, ("Bay Financial" or "Institution"), through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Southeast Regional Office ("Regional Director"); and

WHEREAS, Bay Financial, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA"), 12 U.S.C. Section 1818(b).

NOW THEREFORE, IT IS ORDERED that Bay Financial and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of:

1. 12 C.F.R. Section 563.43(b)(5);
2. 12 C.F.R. Section 563.131(a)(1);
3. 12 C.F.R. Section 563.233

IT IS FURTHER ORDERED THAT:

1. Officers' Overdrafts

Bay Financial shall not pay an overdraft of an executive officer or director unless the payment of such overdraft is in accordance with the Institution's employee overdraft policy and in compliance with the Federal Reserve Board Regulation O, 12 C.F.R. Part 215. Bay Financial shall enforce its employee overdraft policy for payment of overdrafts, overdraft charges, and the closing of employee accounts after excessive numbers of overdrafts upon all employees, including officers and directors.

2. Inaccurate Thrift Financial Reports

Bay Financial shall not issue stock certificates, record the proceeds from the sale of stock, or indicate compliance with the capital requirements on the Thrift Financial Reports, until such time as the proceeds from the sale of stock are actually received by the Institution.

3. Directors' Responsibilities

The board of directors of Bay Financial shall actively fulfill its fiduciary responsibilities to ensure that the Institution is capably supervised, consistent with the guidelines set forth in R Memorandum 62 and Section 140 of the Thrift Activities Handbook. All minutes of the meetings of the board of directors and any committees thereof shall be detailed and accurate so as to reflect the appropriate level of supervision exercised by the directorate of the affairs of Bay Financial.

4. Asset Quality

Bay Financial shall develop and implement, within 60 days of the effective date of this Order, a written plan to address the levels of classified and criticized assets. Said plan shall include, at a minimum, individual strategies for each criticized and classified asset in excess of $250,000 and interim targets for reducing overall classifications as a percentage of capital. Said individual strategies shall be updated quarterly. Bay Financial shall submit a report to the Regional Director not later than 30 days after the end of each calendar quarter, reflecting the overall level of classified and criticized assets and detailing the status of classified and criticized assets with balances in excess of $250,000.

5. Valuation Reserves

Bay Financial shall establish the required general valuation allowances in an amount not less than $1,073,000 as set forth in the Report of Examination of the Institution dated May 21, 1990, and, thereafter, maintain prudent general valuation allowances, considering the amount of criticized and classified assets, and the riskiness of its loan and investment portfolio, pursuant to and in compliance with 12 C.F.R. Section 563.160 and its own general valuation allowance policy. The board shall review and assess the adequacy of the Institutions general valuation reserves on an ongoing basis and adjust them as necessary to address the risks inherent in the Institution's asset portfolio.

6. Asset Classification Policy

(a) Bay Financial shall revise and implement, within 60 days of the effective date of this Order, the written asset classification policies and procedures, and establish corresponding internal control systems, as necessary, to provide for a system of self-classification of all assets and the establishment of prudent valuation allowances pursuant to and in compliance with 12 C.F.R. Sections 561.160 and 571.26. The asset classification policy shall be updated and revised to ensure that the general ledger and the Thrift Financial Reports comply with generally accepted accounting principles ("GAAP") as follows:

(i) Real estate owned shall be carried at its fair value at the date of acquisition;

(ii) Accrued interest on loans in excess of 90 days delinquent shall be specifically reserved and the net realizable values shall be prepared on these assets.

(b) Bay Financial shall carry loans made and held for sale at the lower of cost or market in accordance with generally accepted accounting principles. Bay Financial shall submit to the Regional Director a written opinion from the Institution's independent auditors that the Institution is accounting for these assets in accordance with generally accepted accounting principles.

7. (a) On or after the effective date of this Order, Bay Financial shall not make, purchase or invest in any commercial real estate loan until such time as total classified assets are less than 50 percent of risk-based capital minus goodwill. Bay Financial shall notify the Regional Director immediately after its classified assets reach such a level.

(b) Except that, Bay Financial may:

(i) Honor legally binding commitments existing as of the effective date of this Order;

(ii) Advance new funds, or restructure or renew terms, in connection with bona fide workouts of problem assets that are approved by the board of directors after the board reaches a determination, in writing, that failure to so fund, restructure, or renew would cause significant financial harm to Bay Financial;

(iii) Restructure or renew terms in connection with any maturing loan referred to in paragraph 7(a) that is approved by the board of directors after the board reaches a determination, in writing, that failure to restructure or renew would cause significant financial harm to Bay Financial; or

(iv) Make loans to facilitate the sale of real estate owned.

8. Internal Audit Function

(a) The board of directors shall strengthen its internal audit function which shall be responsible for monitoring the Institution's compliance with this Order. The internal audit function shall be sufficiently staffed and have sufficient expertise to monitor Bay Financial's new internal policies and procedures on a monthly basis.

(b) The board of directors shall maintain a qualified internal audit function whose sole responsibility shall be to perform the internal audit function at Bay Financial. The internal auditor shall report directly to the board of directors or to the audit committee of the board of directors of Bay Financial.

All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings and loan industry. For purposes of this Order, references to regulations, bulletins, memoranda and publications shall include any successor provisions mandated by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

THE OFFICE OF THRIFT SUPERVISION

By: /S/
John E. Ryan
Regional Director
Southeast Regional Office