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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 12th day of August, 1991, by and between First Federal Bank for Savings, Columbus, Mississippi (OTS No. 2683) ("Institution") for itself and any wholly-owned or partly-owned subsidiary, and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Sections 902 and 907 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), §§ 902 and 907, 103 Stat. 183 (1989) (codified as amended at 12 U.S.C. §§ 1818(b)(1) and (i)(2)).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the regulations to which the Institution is subject in conducting the business of the Institution, specifically 12 C.F.R. §§ 552.11, 563.43, 563.93, 563.160, 563.161, 563.170, and 564.8(c)(3), and has engaged in unsafe or unsound practices in conducting the business of the institution, thereby providing grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of cease and desist proceedings against the Institution for its failure to comply with 12 C.F.R. §§ 552.11, 563.43, 563.93, 563.160, 563.161, 563.170, and 564.8(c)(3), as of April 15, 1991, and its unsafe or unsound practices as set forth in the Institution's examination report dated April 15, 1991, so long as the Institution is in compliance with the provisions of this Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such cease and desist proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against the Institution, it is agreed between the parties hereto as follows:

Affiliated Party Transactions

1. (a) Effective immediately, the Institution shall take appropriate steps to ensure the Institution is in full compliance with 12 C.F.R. § 563.43.
- (b) The Board of Directors shall review and familiarize themselves with the following regulatory and statutory provisions: 12 C.F.R. §§ 561.5, 563.43, and OTS Statements of Policy set forth at 12 C.F.R. §§ 571.7 and 571.9.

Asset Review

2. (a) Within 30 days of the date of this Agreement, the Board of Directors shall revise, adopt and submit to the Regional

Deputy Director, the Institution's internal loan review policy to provide for the periodic review of the Institution's assets in accordance with the standards set forth in 12 C.F.R. §§ 563.160 and 571.26 and the general guidelines set forth in Thrift Bulletin No. 3, dated October 17, 1988. The policy shall detail, the timing and scope of review and the Board of Directors' determination of asset classification.

- (b) The Institution shall amend the internal loan review policy as directed by the Regional Deputy Director and shall comply with the policy as so amended. The Institution shall not amend the policy in the absence of written direction or written consent of the Regional Deputy Director.
- (c) The Board of Directors shall establish a formal written methodology for determining the adequacy of all specific and general valuation allowances.
- (d) The Institution shall establish valuation allowances for all known losses and general valuation allowances for other classified assets in accordance with the Report of Examination dated April 15, 1991 and 12 C.F.R. § 563.160. The Institution shall establish additional specific valuation allowances and general valuation allowances as directed by the Regional Deputy Director.

Underwriting

- 3. (a) The Institution shall maintain underwriting standards, which at a minimum, shall require that prior to making, purchasing, refinancing, extending or otherwise modifying (or committing to make, purchase, refinance, extend, or otherwise modify) any loan or investment, the Institution or subsidiary must have obtained, as applicable, each of the items listed in 12 C.F.R. § 563.170(c). The underwriting standards shall also include appraisal policies and procedures that conform with 12 C.F.R. §§ 564.8. The Institution and its subsidiaries shall comply with the underwriting standards, as approved.
- (b) Within 30 days of the effective date of this Agreement, the Institution shall adopt and submit to the Regional Deputy Director, for review and no supervisory objection, adequate loan underwriting policies and procedures and loan monitoring procedures for commercial and nonresidential loans which comply with 12 C.F.R. § 563.170. The Institution shall amend its written policies and procedures as directed in writing by the Regional Deputy Director, and shall not amend the written policies and procedures in the absence of written direction or written consent of the Regional Deputy Director.
- (c) Without prior written approval of the Regional Deputy Director, the Institution shall not and shall not allow any wholly-owned or partly-owned subsidiary or affiliate of the Institution to make any nonresidential mortgage or commercial loans until such

time as the policies and procedures in Paragraph 3(b) above are reviewed and no supervisory objection is taken by the Regional Deputy Director.

Loans-to-One-Borrower

4. The Institution shall comply in all respects with the limitations on loans-to-one-borrower and the maintenance of records set forth in 12 C.F.R. § 563.93.

Review of Performance of Approved Appraisers

5. The Institution shall comply in all respects with 12 C.F.R. § 564.8(c)(3).

Minutes

6. (a) The Board of Directors shall maintain minutes of the Board of Directors' meetings and any meetings of any committees thereof, in accordance with 12 C.F.R. § 552.11. Said minutes shall include, but not be limited to, significant discussions and decisions such as repossessed assets, establishment of valuation allowances, operating concerns and financial trends.

(b) At all times such minutes shall be available at the Institution's home office in Columbus, Mississippi and shall be available at all times for review by examiners of the OTS.

General Provisions

7. The Board of Directors shall, at each regular meeting, formally resolve that, to the best of its knowledge and belief, and based on a prudent review of management reports, during the previous calendar month the Institution and its subsidiaries complied with each condition of this Agreement except as otherwise stated. The resolution shall specify in detail how, if at all, full compliance was found not to exist. The resolution further shall set forth any exceptions to any conditions of this Agreement approved by the Regional Deputy Director. Within ten days of each regular Board of Directors' meeting, the Institution shall submit to the Regional Deputy Director a copy of the minutes of each Board of Directors' meeting, the minutes of any subsidiary board of directors' meeting, and the minutes of Board of Directors' committee(s) meetings, the aforementioned resolution, and the management report(s) of the Institution. Each director shall at such time either provide the Regional Deputy Director with certification that, to the best of his or her knowledge and belief, and based upon a prudent review, the above-referenced resolution is accurate or provide the Regional Deputy Director with a written statement providing in detail the reason(s) for disagreement with the resolution.
8. (a) As used in this Agreement, the Regional Deputy Director or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, § 723(d), 103 Stat. 183 (1989).

(b) As used in this Agreement, the term "subsidiary" or "subsidiaries" shall be as defined in 12 C.F.R. § 567.1(dd).

- (c) As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the HOLA, as amended by Section 301 of the FIRREA, § 301, 103 Stat. 183 (1989).
- (d) As used in this Agreement, the term "affiliate" shall be as defined in 12 U.S.C. § 371c(b).
- (e) 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 of this Agreement pursuant to Section 401(h) of the FIRREA, § 401(h), 103 Stat. 183 (1989), and references to successor provisions as they become applicable.

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, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement 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.

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.

This Agreement shall remain in effect until terminated, modified or suspended by the OTS, acting through the Regional Deputy Director.

IN WITNESS WHEREOF, the OTS, acting through the Regional Deputy Director, and the Institution, by its duly elected directors, have executed this Agreement on the date first above written.

FIRST FEDERAL BANK FOR SAVINGS
COLUMBUS, MISSISSIPPI

By: _____

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Director

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Director

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Director

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Director

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Director

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Director

Director

Director

OFFICE OF THRIFT SUPERVISION

By: _____

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Regional Deputy Director

**CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS**

I, the undersigned, being the duly qualified Secretary of First Federal Bank for Savings, Columbus, Mississippi (OTS No. 2683) ("Institution"), hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on August 12, 1991; that at said meeting a quorum was present and voting throughout; and that said resolution has not been rescinded or modified and is now in full force and effect;

RESOLUTION

WHEREAS the directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Institution violated regulations to which the Institution is subject and has engaged in unsafe and unsound practices and that such violations and practices provide grounds for the initiation of cease and desist proceedings against the Institution by the OTS; and

WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such proceedings as a result of the Institution's failure to comply with 12 C.F.R. §§ 552.11, 563.43, 563.93, 563.160, 563.161, 563.170, and 564.8(c)(3), as of April 15, 1991, to which the Institution is subject, and the Institution's unsafe or unsound practices as set forth in an examination report dated April 15, 1991, if the attached Supervisory Agreement ("Agreement") is executed by the Institution and if its terms are thereafter carried out by the Institution; and

WHEREAS the directors of the Institution have read and considered the proposed Agreement attached to the minutes of the meeting of the board of directors held on August 12, 1991; and

WHEREAS after due consideration, the directors of the Institution have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation: Now, therefore, be it

RESOLVED, that the proposed Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors of the Institution. The officers and employees of the Institution are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of First Federal Bank for Savings, Columbus, Mississippi, this 12 day of August, 1991.

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Secretary