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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 26 day of September, 1991, by and between First Federal Savings Bank, Belzoni, Mississippi (OTS No. 2549) ("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. §§ 563.161(a), 563.176(b)(2), and 563.190(a) as of August 6, 1991, 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. §§ 563.161(a), 563.176(b)(2), and 563.190(a), as of August 6, 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:

Approval of Executive Officers and Directors

1. Pursuant to § 914 of FIRREA and any regulations promulgated thereunder, the Board of Directors shall notify the Regional Deputy Director of the proposed addition or employment of any director or senior executive officer before such addition or employment becomes effective. The Board of Directors may not add or employ any director or senior executive officer if the Regional Deputy Director issues a notice of disapproval before the end of 30 days from the date on which the notice was deemed complete by the Regional Deputy Director, beginning on the date the Regional Deputy Director receives notice of the proposed addition or employment.

Business Plan/Operating Budget

2. (a) Within 60 days after the effective date of this Agreement, the Board of Directors shall prepare, adopt and submit to the

Regional Deputy Director for review and comment, a written Business Plan. The Business Plan shall contain the following components:

- (i) Financial projections for 3 years on a quarterly basis, including major balance sheet and income statement components and the Institution's tangible, core, and risk-based capital; and
  - (ii) A narrative description of the strategy and interest-rate scenario assumptions upon which the Business Plan is based.
- (b) The Board of Directors hereby agrees to make all revisions to the Business Plan that are reasonably requested by the Regional Deputy Director and to comply with the Business Plan, provided that any material revisions be subject to prior written review and comment by the Regional Deputy Director.
  - (c) Beginning with the end of the quarter following the submission of the Business Plan, the Institution shall provide to the Regional Deputy Director, quarterly progress reports comparing the actual performance to the projections set forth in the Business Plan.
  - (d) The Institution shall update the 3-year Business Plan on a semiannual basis and submit to the Regional Deputy Director for review and comment the updated Business Plan by 60 days after the end of the the six-month period.

#### Growth

3. The Institution shall not increase its assets annually by more than ten percent (10%) provided that each increase in assets is accompanied by an increase in applicable tangible, core and risk-based capital in a percentage amount not less than that for which 12 C.F.R. Part 567 provides. For purposes of this Paragraph 3, the initial asset base shall be that as reported by the Institution to the OTS on June 30, 1991.

#### Interest-Rate-Risk

4. Without the prior written approval of the Regional Deputy Director the Institution shall not undertake any significant changes in its assets and liabilities that may increase the existing level of interest-rate-risk of the Institution.

#### Underwriting

5. (a) Effective immediately, the Institution shall comply with the requirements set forth in 12 C.F.R. § 563.170(c).
- (b) Prior to making, purchasing, refinancing, extending or otherwise modifying any loan or investment, a duly authorized officer shall certify in writing that the loan complies with applicable

regulations, the Underwriting Standards, and the terms of this Agreement. Such certification shall be maintained in the loan file.

- (d) The Institution shall maintain in the loan file the minutes of any committee meeting or any other documentation indicating the review and analysis of the loan documentation (including the review of appraisal and financial statement as appropriate).

#### Asset Classification

- 6. (a) Effective immediately, the Institution shall comply with the requirements set forth in 12 C.F.R. §§ 563.160 and 571.26.
- (b) The Institution shall provide for the periodic review of the adequacy of general and specific allowances. The results of such reviews shall be reported to the Board of Directors on a periodic basis and to the Regional Deputy Director by the 20th day following the month in which revisions were made.
- (c) Based on these reviews, the Institution also shall establish all general and specific valuation allowances as provided for in 12 C.F.R. § 563.160.

#### Surety Bond

- 7. The Board of Directors shall use its best efforts to obtain surety bond coverage for the Institution as set forth in 12 C.F.R. § 563.190(a). Beginning September 30, 1991, and monthly thereafter, the Institution shall submit a written progress report to the Regional Deputy Director which outlines each bonding agency contacted and their respective actions on the Institution's application.

#### Termination of Consent Agreement

- 8. Upon execution of this Agreement, the OTS, acting through the Regional Deputy Director for the Midwest Regional Office, terminates the Consent Agreement between the Institution and the OTS dated August 10, 1990.

#### General Provisions

- 9. The Board of Directors shall submit to the Regional Deputy Director a resolution signed by each director, certifying that, to the best of his or her knowledge and belief, and based on a prudent review, during the previous calendar month, the Institution and its subsidiaries complied with each condition of this Agreement. This resolution shall set forth any exceptions to any conditions of this Agreement that were approved by the Regional Deputy Director. Within 15 days after each 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 board of directors meeting of any subsidiary), and the minutes of Board of Directors' committee(s) meetings, the aforementioned resolution, and any management report of the Institution.

10. (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) 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 SAVINGS BANK  
BELZONI, MISSISSIPPI**

By:

151  
Director

**OFFICE OF THRIFT SUPERVISION**

By: 151  
Regional Deputy Director

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

I, the undersigned, being the duly qualified Secretary of First Federal Savings Bank, Belzoni, Mississippi (OTS No. 2549) ("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 September 26, 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 that such violations 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. §§ 563.161(a), 563.176(b)(2), and 563.190(a), as of August 6, 1991, to which the Institution is subject, 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 September 26, 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 Savings Bank, Belzoni, Mississippi, this 15 day of October, 1991.

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Secretary

*JS*