

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 25th day of June, 1992 ("effective date"), by and between Bay Financial Savings Bank, FSB, Tampa, Florida, OTS No. 8051, for itself and its wholly owned service corporations and subsidiaries ("Bay Financial" or "Institution") and the Office of Thrift Supervision ("OTS"), acting through its Southeast Regional Director or his designee ("Regional Director").

WHEREAS, the OTS is of the opinion that the grounds exist to initiate administrative proceedings against Bay Financial pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b) (1988 & Supp. II 1990); and

WHEREAS, Bay Financial, in the interest of regulatory compliance and cooperation, and without admitting or denying that such grounds exist, is willing to enter into this Agreement to avoid the initiation of such administrative proceedings on the matters covered by this Agreement; and

WHEREAS, the OTS is willing to forebear from the initiation of such administrative proceedings against Bay Financial to require the actions specifically covered by this Agreement for so long as the Institution is in compliance with the provisions of this Agreement that pertain to such actions; and

WHEREAS, it is understood by the parties that execution of this Agreement does not preclude the OTS from taking further supervisory or enforcement measures on matters not specifically covered by this Agreement that the OTS considers appropriate under the circumstances.

NOW, THEREFORE, in consideration of the above-stated forbearance, it is agreed between the parties hereto as follows:

1. Within 30 days of the effective date of this Agreement, the Board of Directors of Bay Financial ("the Board") shall adopt, implement and submit to the Regional Director for review a written compliance program to ensure the Institution's compliance with applicable Federal and State consumer protection laws and regulations ("consumer laws and regulations"). At a minimum, the program shall:
 - i. appoint a Compliance Officer for Bay Financial who is responsible for developing, implementing and overseeing a program to ensure the Institution's compliance with consumer laws and regulations, and who

has adequate authority and autonomy to monitor the operations of the Institution and effect corrections as needed to ensure such compliance;

- ii. require the Compliance Officer to develop, within 60 days of the effective date of this Agreement, compliance policies and procedures, for adoption by the Board, to ensure compliance with all consumer laws and regulations;
 - iii. require the Compliance Officer to develop and implement, within 60 days of the effective date of this Agreement, a program to review and monitor on a regular basis the various operations of the Institution for compliance with all consumer laws and regulations;
 - iv. require the Compliance Officer to develop, within 60 days of the effective date of this Agreement, a training program to address the Institution's compliance policies and procedures, as well as all consumer laws and regulations; and
 - v. require the Compliance Officer to prepare and present reports to the Board on at least a quarterly basis concerning the Institution's current record of compliance with all consumer laws and regulations, including an assessment of performance in the area of community reinvestment.
2. a.) Bay Financial shall comply with the provisions of 12 C.F.R. Part 563e (Community Reinvestment).
- b.) Within 60 days of the effective date of this Agreement, the Board shall correct the violations of 12 C.F.R. §§ 563e.3(a), 563e.4(c), and 563e.5(a) cited in the February 3, 1992 OTS Report of Compliance Examination ("1992 Compliance Examination").
- c.) Within 60 days of the effective date of this Agreement, the Board shall adopt, implement, and submit to the Regional Director for review a written action plan to ensure that Bay Financial is meeting the credit needs of the community in which it is chartered to do business, including low- and moderate-income neighborhoods. The action plan shall set forth specific goals, responsibilities (including those of Board members), and procedures for review to determine the effectiveness of the action plan.

3. Within 60 days of the effective date of this Agreement, Bay Financial shall submit documentation satisfactory to the Regional Director indicating that the Institution has adjusted the remaining payments on the 39 loans discussed on pages 3.1 and 3.2 of the 1992 Compliance Examination to achieve full and complete restitution for the understated Annual Percentage Rates and/or finance charges identified as a result of the October 15, 1990 OTS Report of Compliance Examination, and otherwise which were confirmed or identified in the most recent Compliance Examination.
4. Within 60 days of the effective date of this Agreement, Bay Financial shall review and revise Bay Financial's policy and procedures for adjusting Adjustable Rate Mortgages granted by the Institution in accordance with the terms of the ARM Notes.
5. Within 60 days of the effective date of this Agreement, the Board shall review and revise Bay Financial's mortgage loan underwriting standards to correct the deficiencies noted in the Institution's 1992 Compliance Examination.
6. Bay Financial shall maintain Loan Application Registers in accordance with the requirements of 12 C.F.R. § 528.6(d).
7.
 - a.) Bay Financial shall comply with the provisions of 12 C.F.R. § 202.9(a)(2) (Content of notification when adverse action is taken) and 12 C.F.R. § 202.9(b)(2) (Statement of specific reasons).
 - b.) Within 60 days of the effective date of this Agreement, Bay Financial shall review all notifications of adverse action on requests for extensions of credit made by the Institution during the six month period prior to February 3, 1992, to determine whether the content of the notifications complies with the provisions of 12 C.F.R. §§ 202.9(a)(2) and 202.9(b)(2). During this same time period, the Institution shall reissue correct notifications in all cases where it finds notifications that fail to comply with the subject regulations.
8. Within 60 days of the effective date of this Agreement, the Board shall adopt and implement revisions to Bay Financial's procedures for monitoring Bank Secrecy Act compliance to ensure that the procedures meet the requirements of 12 C.F.R. § 563.177(c) and to correct deficiencies in the procedures noted in the Institution's 1992 Compliance Examination.

9. Within 60 days of the effective date of this Agreement, the Board shall adopt and implement revisions to Bay Financial's security procedures to ensure that the procedures meet the requirements of 12 C.F.R. § 568.4(b) and to correct deficiencies in the Institution's security program noted in the 1992 Compliance Examination.
10. a.) Bay Financial shall comply with the provisions of 12 C.F.R. § 545.34(b) (Late Charges).
- b.) Within 30 days of the effective date of this Agreement, the Institution shall refund any late charges that it imposed after September 1, 1991 for delinquent payments with respect to any loan originated after such date and secured by a home occupied or to be occupied by the borrower, and that failed to comply with the requirements of 12 C.F.R. § 545.34(b).

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, and any such technical words or terms used in this Agreement 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 Agreement, references to regulations, bulletins, memoranda, and publications shall include any successor regulations, bulletins, memoranda, and publications.

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 agency" as that phrase is used in Section 8(b)(1) of the FDIA, 12 U.S.C. 1818(b)(1).

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 Director. The Regional Director may suspend, in his sole discretion, any or all provisions of this Agreement.

IN WITNESS WHEREOF, the OTS, acting through the
Regional Director, and the Institution, by its duly elected
directors, have executed this Agreement.

Bay Financial Savings Bank, FSB
Tampa, Florida
OTS No. 8051

By: 151 Date: 6-29-92
Director

By: 151 Date: 6-30-92
Director

By: 151 Date: 6/30/92
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

By: _____ Date: _____
Director

Bay Financial Savings Bank, FSB
Tampa, Florida OTS No. 8051
Supervisory Agreement (June 1992)
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OFFICE OF THRIFT SUPERVISION

By: _____

/ S /
John E. Ryan
Regional Director

DIRECTORS' WAIVER OF NOTICE

I hereby waive notice of the meeting of the Board of Directors of Bay Financial Savings Bank, FSB, Tampa, Florida, OTS No. 8051, held on the 25th day of June, 1992, at which the Board of Directors considered and adopted the attached resolution concerning a Supervisory Agreement between Bay Financial Savings Bank, FSB and the Office of Thrift Supervision.

By: 15/
Director

By: _____
Director

By: 15/
Director

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director

By: _____
Director

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

I, the undersigned, being the duly qualified Secretary of Bay Financial Savings Bank, FSB, Tampa, Florida, OTS No. 8051 ("Institution"), hereby certify that the following is a true copy of a resolution duly adopted by the Institution's Board of Directors at a meeting duly called and held on this 25th day of June, 1992, and 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 officers and directors of the Institution have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the grounds exist to initiate administrative proceedings against the Institution pursuant to Section 8(b) of the Federal Deposit Insurance Act, 12 U.S.C. 1818(b) (1988 and Supp. II 1990); and

WHEREAS, said officers and directors have been informed that the OTS will forbear from the initiation of such administrative proceedings in connection with the matters referred to in the attached Supervisory Agreement ("Agreement") if the Agreement is executed by the Institution and if its terms are thereafter complied with 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 the 25th day of June, 1992, and, after due consideration and in the interest of regulatory compliance and cooperation, and without admitting or denying that such grounds exist, have determined to enter into the proposed Agreement:

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.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Bay Financial Savings Bank, FSB this 29th day of June, 1992.

13/
Secretary