

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 28th day of August, 2009 (Effective Date), by and between First Federal of South Carolina, FSB, Walterboro, South Carolina, OTS Docket No. 06903 (Association), acting by and through its Board of Directors (Board), and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting by and through its Regional Director for the Southeast Region or his designee (Regional Director).

WHEREAS, the OTS is the primary Federal regulator of the Association pursuant to the Home Owners' Loan Act (HOLA), 12 U.S.C. §§ 1461 *et seq.*, and is the Association's appropriate Federal banking agency for purposes of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. §§ 1811 *et seq.*; and

WHEREAS, based on its March 30, 2009 examination of the Association, OTS finds that the Association has failed to comply with the requirements of laws and/or regulations to which the Association is subject, engaged in acts and practices that are unsafe or unsound, and failed to identify and correct other deficiencies and weaknesses in its operations; and

WHEREAS, the Association, which is subject to examination, regulation and supervision by OTS, is taking steps to address the violations of law and regulation, unsafe or unsound acts and practices and weaknesses and deficiencies identified by OTS; and

WHEREAS, in furtherance of their common goal to ensure that the Association continues to address the violations of law and regulation, unsafe or unsound acts and practices and weaknesses and deficiencies identified by OTS, the Association and OTS have mutually agreed to enter into this Agreement; and

NOW THEREFORE, in consideration of the above premises, it is agreed as follows:

Compliance with Laws and Regulations.

1. The Association shall comply with all applicable laws, regulations, and regulatory guidelines including, but not limited to, the following:
 - (a) 12 C.F.R. § 560.160 (Asset Classification);
 - (c) Chief Executive Officer (CEO) Memorandum # 140 (Effective Internal Asset Review Systems, May 17, 2001);
 - (d) CEO Memorandum # 250 (Interagency Policy Statement on the Allowance for Loan and Lease Losses (ALLL) and Questions and Answers on Accounting for Loan and Lease Losses, December 13, 2006); and
 - (e) CEO Letter # 252 (Commercial Real Estate Concentration Risks, Sound Risk Management Practices, December 14, 2006).

Growth.

2. Effective immediately, the Association shall not increase its total assets during any quarter by more than \$2 million without the prior written approval of the Regional Director. The growth restrictions imposed by this Paragraph shall remain in effect until such time as the Business Plan addressed in Paragraphs 3 through 7 has been reviewed and approved by the Regional Director.

Business Plan.

3. By September 30, 2009, the Board shall prepare and submit to the Regional Director for review and comment a new comprehensive business plan that covers the fourth quarter of calendar year 2009, calendar years 2010 and 2011, and the first three quarters of calendar year 2012 (Business Plan). At a minimum, the Business Plan shall include: (a) a detailed and specific

discussion of the Board's plans and strategies to strengthen and improve the Association's operations, earnings, and profitability, including plans to reduce the Association's operating expenses; (b) a discussion of the Association's current financial position and resources, including the level of general and administrative expenses, and the Board's strategies for preserving and enhancing the Association's financial resources to meet the Association's needs under the Business Plan, adequately support the Association's risk profile, maintain compliance with applicable regulatory capital requirements, and satisfy the Association's liquidity needs; (c) quarterly pro forma financial projections (balance sheet, detailed operating budget and income statement) for each period covered by the Business Plan; and (d) identification of all relevant assumptions and projections made in formulating the Business Plan, as well as documentation supporting such assumptions and projections.

4. The Board shall make any changes to the Business Plan required by the Regional Director within twenty (20) days after being notified of such changes and provide a copy of the revised Business Plan to the Regional Director for review. Upon receipt of approval of or non-objection to the revised Business Plan from the Regional Director, the Board shall adopt the revised Business Plan and the revised Business Plan shall be incorporated herein by reference and become a part of this Agreement and any violation of the revised Business Plan shall be a violation of this Agreement. A copy of the revised Business Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

5. The Board shall ensure that the Association adheres to and implements the revised Business Plan. Any material modifications to the revised Business Plan shall be submitted to the Regional Director for review and written non-objection at least forty-five (45) days prior to

implementation. A modification shall be considered material under this section of the Agreement if the Association plans to: (a) engage in any activity that is inconsistent with the revised Business Plan; or (b) exceed the level of any activity contemplated in the revised Business Plan or fail to meet target amounts established in the revised Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five (25%) shall be deemed to be a material modification.

6. The Board shall require Management to prepare and submit to the Board quarterly variance reports on the Association's compliance with the revised Business Plan within thirty (30) days after the close of each calendar quarter (Quarterly Business Plan Variance Reports) beginning with the calendar quarter ending December 31, 2009. The Quarterly Business Plan Variance Reports shall: (a) identify material variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the revised Business Plan and operating budget; (b) contain an analysis and explanation of the identified variances; and (c) detail the specific measures to be taken to address such variances, including adjustments to the underlying assumptions.

7. The Board shall review the Quarterly Business Plan Variance Reports and conduct a thorough review and assessment of the Association's compliance with the revised Business Plan and take corrective actions to ensure adherence to the revised Business Plan. The Board's review of the Quarterly Business Plan Variance Reports and assessment of the Association's compliance with the revised Business Plan shall be fully documented in the appropriate Board meeting minutes. A copy of the Quarterly Business Plan Variance Report, any supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the

Board's review and corrective actions, if any, shall be provided to the Regional Director within ten (10) days after the Board meeting.

Internal Asset Review and Classification.

8. Within sixty (60) days, the Board shall review the Association's policies and procedures for identifying and classifying problem assets (Internal Asset Review Program) to ensure that it provides for accurate and timely identification, classification and reporting of the Association's assets. The Board shall revise the Internal Asset Review Program to ensure that, at a minimum:

(a) the Internal Asset Review Program complies with the requirements set forth in 12 C.F.R. Part 560, Section II G of Appendix A to the Safety and Soundness Standards of 12 C.F.R. Part 570, Generally Accepted Accounting Principles and Statements of Financial Accounting Standards;

(b) all internal asset review and grading deficiencies and modifications discussed in the 2009 Report have been fully addressed and incorporated; and

(c) internal asset reviews and updates are required to be conducted not less than every six (6) months.

The Board shall adopt the revised Internal Asset Review Program and ensure that Management adheres to and implements the Internal Asset Review Program.

Credit Administration.

9. Within sixty (60) days, the Board shall review and revise the Association's policies and procedures governing credit administration and documentation (Credit Administration Policy) to address the deficiencies and recommendations discussed in the 2009 Examination. At a minimum, the Credit Administration Policy shall:

- (a) comply with Section II G of Appendix A to the Safety and Soundness Standards of 12 C.F.R. Part 570;
- (b) require ongoing, periodic documentation of the value of loan collateral;
- (c) establish policies, procedures and systems to obtain and analyze, on an annual basis, updated borrower financial information and documentation for all non-single family development loans of \$500,000 or greater;
- (d) provide for the classification of loans, including designation as special mention, or placement of loans on a watch list, if there is a significant decline in a borrower's financial standing whereby the borrower would not qualify under the Association's loan underwriting standards or no longer demonstrates the ability to meet global debt service obligations; and
- (e) establish an effective system for the retention, review, renewal and updating by the Association of all required records, filings and other credit related documents.

Loan Underwriting.

10. Within sixty (60) days, the Board shall revise the Association's loan underwriting policies, procedures, practices, and controls (Loan Underwriting Policy) to address all deficiencies and weaknesses discussed in the 2009 Examination. At a minimum, the Board shall ensure that the Association's Loan Underwriting Policy is prudent for the complexity and type of loans granted by the Association and complies with Section II G of Appendix A to the Safety and Soundness Standards of 12 C.F.R. Part 570.

Problem Assets.

11. Within sixty (60) days, the Board shall prepare and submit to the Regional Director for review and comment a detailed, written plan with specific strategies, targets and timeframes to

reduce the Association's level of criticized assets¹ (Problem Asset Plan). For purposes of this Paragraph, "reduce" means to collect, sell, charge off, or improve the quality of an asset sufficient to warrant its removal from adverse criticism or classification. At a minimum, the Problem Asset Plan shall require Management to prepare and submit for Board review:

- (a) individual written asset resolution plans for each criticized asset and delinquent loan or group of loans to the same borrower of Five Hundred Thousand Dollars (\$500,000) or greater (Asset Resolution Plans); and
- (b) a quarterly written asset status report (Quarterly Asset Report). The Quarterly Asset Report shall be submitted to the Board at the first regularly scheduled Board meeting following the end of each calendar quarter, beginning with the quarter ending September 30, 2009.

12. At a minimum, the Quarterly Asset Report shall include:

- (a) a summary of and update on the current status of all Asset Resolution Plans for criticized assets and delinquent loans of Five Hundred Thousand Dollars (\$500,000) or greater;
- (b) a detailed analysis of the calculation and adequacy of the Association's ALLL levels and comparison of ALLL levels to the total level of classified assets;
- (c) a comparison of classified assets to core and risk based capital;
- (d) a comparison of classified assets at the current quarter end with the preceding quarter;
- (e) a breakdown of classified assets by type (residential, acquisition and development, construction, land loans, etc.); and

¹ The term "criticized assets" shall include all classified assets, assets designated special mention or watch, all nonperforming assets and all delinquent loans.

(f) a discussion of the actions taken during the preceding quarter to reduce the Association's level of criticized assets and delinquent loans and recommendations regarding any additional actions or steps that should be taken by Management in the future.

The Board's review of the Quarterly Asset Reports, and any corrective actions adopted by the Board, shall be fully documented in the appropriate Board meeting minutes.

13. The Board shall address any comments or concerns with the Problem Asset Plan by the Regional Director within forty-five (45) days after being notified of such comments and concerns and provide a copy of a revised Problem Asset Plan to the Regional Director for review. Upon receipt of non-objection to the revised Problem Asset Plan from the Regional Director, the Board shall adopt the revised Problem Asset Plan and ensure that the Association adheres to and implements the revised Problem Asset Plan.

14. The Board shall review the Association's compliance with the revised Problem Asset Plan and the Asset Resolution Plans within thirty (30) days after the close of each calendar quarter, beginning with the quarter ending September 30, 2009 (Quarterly Problem Asset Plan Review). The Board's review of the Quarterly Problem Asset Plan Reviews and assessment of the Association's compliance with the revised Problem Asset Plan and the Asset Resolution Plans shall be fully documented in the appropriate Board meeting minutes. A copy of the Quarterly Problem Asset Plan Review and supporting documents, reports, or other information reviewed by the Board, and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Internal Audit Program.

15. Within sixty (60) days, the Board shall ensure that all internal control and audit committee weaknesses and deficiencies discussed in the 2009 Examination are corrected. The Board shall document its review and the completion of all corrective actions in the Board meeting minutes. A copy of the Board meeting minutes and a report itemizing each weakness and deficiency, the corrective action taken, and the date completed shall be provided to the Regional Director within ten (10) days after the date of the Board meeting.

16. Within sixty (60) days, the Board shall develop, implement and ensure that the Association adheres to internal audit and control policies, procedures, systems and practices that are adequate and effective for the size, scope, complexity and risk profile of the Association's operations (Internal Audit Program). At a minimum, the Internal Audit Program shall:

- (a) establish a properly functioning and fully effective Audit Committee comprised solely of outside directors is maintained
- (b) require Audit Committee meetings and discussions to be fully documented and periodically reviewed by the full Board;
- (c) require the Audit Committee to obtain full explanations from auditors and management on all deficiencies and weaknesses noted in independent audit findings and provide auditors with a written response to the findings;
- (d) provides for documented transaction testing and reviews of independent audit reports, the Association's security program, internal control systems, override reports, file maintenance reports, and exception reports; and
- (d) require the Audit Committee to conduct and fully document in its meeting minutes the Committee's review of the qualifications of the Association's external audit

firm.

New Board Members.

17. Within thirty (30) days, the Association shall actively seek new, qualified members for the Board of Directors (Board) who are independent with respect to the Association. The new Board members shall be local residents of the Association's market area. The Association shall ensure that all of the Board's committees include representation of the new Board members. The minutes of the meetings of the Board shall fully document these efforts.

18. For purposes of this Agreement, an individual who is "independent with respect to the Association" shall be any individual who:

(a) is not employed in any capacity by the Association, any of its subsidiaries, or affiliated organizations, other than as a director;

(b) does not own or control more than 10 percent of the outstanding shares of the Association or its parent company;

(c) is not related by blood or marriage to any officer or director of the Association or its affiliates, or to any shareholder owning more than 10 percent of the outstanding shares of the Association or its parent company, and who does not otherwise share a common financial interest with any such officer, director or shareholder;

(d) is not indebted, directly or indirectly, to the Association or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 10 percent of the Association's total Tier 1 capital and allowance for loan and lease losses;

(e) is a resident of, or engaged in business in, the Association's trade area; or

(f) is otherwise deemed to be an independent director for purposes of this Agreement.

Compliance Program.

19. Within sixty (60) days, the Board shall develop a new written consumer compliance program (Compliance Program) that: (i) is appropriate for the Association's size, complexity, product lines and business operations and is staffed with qualified personnel; (ii) provides for the allocation of adequate resources, including personnel and training, to implement the Compliance Program; (iii) is designed and structured to ensure the Association's compliance with all applicable consumer and other compliance laws and regulations² (Compliance Laws and Regulations) on an ongoing basis; and (iv) provides for appropriate processes and systems for the Board and Management to oversee and monitor the effectiveness of the Compliance Program.

At a minimum, the Compliance Program shall:

- (a) address all weaknesses, deficiencies and violations identified and/or discussed in the Association's 2009 Examination;
- (b) include written descriptions of the duties and responsibilities of the Compliance Officer and other key positions in the Compliance area, that clearly define authority and accountability, as well as establish the organization and reporting structure of the compliance area, including any Board level compliance committees;
- (c) include a formal training program that provides for ongoing training in Compliance Laws and Regulations for all appropriate personnel, including both operation and lending staff, and the development and implementation of a system to test employees

² The term "consumer and other compliance laws and regulations" means all laws and regulations identified, referenced or discussed in Section 1100 (Compliance Oversight Examination Program) of the OTS Examination Handbook.

on their knowledge of Compliance Laws and Regulations to monitor training effectiveness. The Association shall document the training activities for its recordkeeping purposes. The training program should be updated periodically, at reasonable intervals to ensure that appropriate personnel are provided with the most current and up-to-date information;

(d) incorporate all Systems, Monitoring, Assessment, Accountability, Response, Training (SMAART) program components as set forth in the revised Compliance Self Assessment Guide discussed in the OTS's December 19, 2002 Chief Executive Officer Memorandum No. 171;

(e) include a formal compliance review process for new or changed products and services to ensure compliance with applicable Compliance Laws and Regulations;

(f) include policies and procedures manuals covering all applicable Compliance Laws and Regulations for use by appropriate Association personnel in the performance of their duties and responsibilities, which identifies employee accountability for required procedures. The Association shall review and update the written policies and procedures at least annually, or as required by more frequent changes in laws or regulations;

(g) include appropriate ongoing periodic internal or external compliance audits, internal review procedures, including transaction testing, to (i) monitor the Association's compliance with Compliance Laws and Regulations, (ii) ensure that the deficiencies and weaknesses in the Compliance Program are identified and reported to Management and/or the Board and (iii) that the deficiencies or weaknesses are promptly corrected; and

(h) establish detailed review processes and reporting requirements that will ensure adequate Board oversight and monitoring of the effectiveness of the Association's

Compliance Program and Management's implementation and adherence to corrective actions adopted or required by the Board including, but not limited to, preparation of a findings report on all independent compliance audit findings at the conclusion of each audit, and reported to the Audit Committee immediately after each report is issued (Compliance Audit Report). The Compliance Audit Report shall, at a minimum, contain specific audit findings and conclusions, identify the responsible manager(s), recommend specific corrective action(s) and update the status of all corrective actions and timeframes for completion. The Compliance Audit Report shall also include the findings of the 2009 Examination (including exception and recommendation sheets that were provided to management and not included in the report of examination). The Audit Committee will monitor the progress of management's corrective actions. The Audit Committee's review shall be noted in the Audit Committee minutes and provided to the Board, along with the most recent version of the Compliance Audit Report and the original timeframes for completion of a corrective action (including any extensions).

Directorate and Management Changes.

20. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers set forth in 12 C.F.R. Part 563, Subpart H, 12 C.F.R. §§ 563.550 through 563.590.

Employment Contracts and Compensation Arrangements.

21. Effective immediately, the Association shall not enter into any new, or renew, extend, or revise any existing, contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the OTS with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the OTS shall

include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement, or arrangement submitted to the OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Severance and Indemnification Payments.

22. Effective immediately, the Association shall not make any golden parachute payment³ and/or indemnification payment unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Third Party Contracts.

23. Effective immediately, the Association shall not enter into any new arrangement or contract with a third party service provider that is significant⁴ to the overall operation or financial condition of the Association or outside the Association’s normal course of business unless, with respect to each such contract, the Association has: (a) provided the OTS with a minimum of thirty (30) days prior written notice of such arrangement or contract; (b) determined that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a (TB 82a); and (c) received written notice of non-objection from the Regional Director.

24. Effective immediately, the Association shall provide the OTS with written notice of all arrangements or contracts with third party service providers consistent with the requirements of 12 U.S.C. § 1464(d)(7)(D)(ii). Such notice shall be provided to the Regional Director not later

³ The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

⁴ A contract shall be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two (2) percent of the Association’s total capital.

than thirty (30) days after the earlier of: (a) the date on which the Association enters into the contract; or (b) the date on which the performance of the service is initiated. The Board shall review all arrangements or contracts with third party service providers covered by this Paragraph to ensure compliance with the standards and guidelines set forth in TB 82a.

Brokered Deposits.

25. Effective immediately, the Association is prohibited from increasing the dollar amount of brokered deposits⁵ at the Association without receiving the prior written approval or non-objection of the Regional Director. The Association's written request for such approval or non-objection should be submitted to the Regional Director at least forty-five (45) days prior to the anticipated date of acceptance of additional brokered deposits.

Dividends.

26. Effective immediately, the Association shall pay no dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval shall be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed dividend payment or distribution of capital.

Affiliate and Insider Transactions.

27. Effective immediately, the Association shall not engage in any transaction with an Affiliate⁶ unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which notice also shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction

⁵ The term "brokered deposit" is defined at 12 C.F.R. § 337.6(a)(2).

⁶ 12 C.F.R. § 223.2

with an affiliate complies with the requirements of 12 C.F.R. § 563.41, 12 C.F.R. Part 223 (Regulation W), and the guidance contained in Section 310 of the OTS Examination Handbook. The Board shall ensure that documentation demonstrating such compliance is maintained in the Association's files and records.

28. Effective immediately, the Association shall not make any loans to or enter into any contracts or agreements with any Insiders except in compliance with Paragraph 45 above and all applicable laws, rules, and regulations including, but not limited to, 12 C.F.R. Part 215 and 12 C.F.R. § 564.43, and Section 310 of the OTS Examination Handbook. The Board shall ensure that the Association complies with the requirements of this Paragraph and that documentation demonstrating such compliance is maintained in the Association's files and records.

Violations of Law.

29. Within sixty (60) days, the Board shall ensure that all violations of law, rule, and/or regulation discussed in the Association's 2009 Examination are corrected. Within ninety (90) days, the Board shall prepare, adopt, and thereafter ensure that the Association adheres to specific procedures to prevent future violations.

30. Within thirty (30) days of receipt of any subsequent OTS Report of Examination, internal audit report, independent external audit report, or other report prepared by the Association's employees, agents, or independent contractors, which cites or discusses any violation of law, rule, or regulation, the Board shall prepare, adopt, and thereafter ensure the Association adheres to specific procedures to correct such violations and prevent future violations.

Board Compliance Committee.

31. Within thirty (30) days, the Board shall appoint a committee (Regulatory Compliance Committee) comprising three or more non-employee directors to monitor and coordinate the

Association's compliance with the provisions of this Agreement and the completion of all corrective action required in the 2009 Examination.

32. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter ending September 30, 2009, the Regulatory Compliance Committee shall submit a written progress report to the Board detailing the actions taken to comply with each provision of this Agreement, the corrective actions required by the 2009 Examination, and the results of all such actions. The Board shall review the Regulatory Compliance Committee's progress report and adopt a resolution: (i) certifying that each director has reviewed the progress report; (ii) detailing the Association's compliance with the provisions of this Agreement and the corrective actions contained in the 2009 Examination; (iii) identifying each instance of noncompliance; and (iv) setting forth in detail additional corrective actions or steps adopted or required by the Board to address each instance of noncompliance.

33. Within forty-five (45) days after the end of each calendar quarter, the Board shall submit to the Regional Director: (i) a copy of the Regulatory Compliance Committee's quarterly progress report required by Paragraph 32 of this Agreement; and (ii) a copy of the Board resolution required by Paragraph 32 of this Agreement, including the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Agreement.

Effective Date.

34. This Agreement is effective on the Effective Date as shown on the first page.

Duration.

35. This Agreement shall remain in effect until terminated, modified or suspended, by written notice of such action by OTS, acting by and through its authorized representatives.

Time Calculations.

36. Calculation of time limitations for compliance with the terms of this Agreement run from the Effective Date and shall be based on calendar days, unless otherwise noted.

37. The Regional Director may extend any of the deadlines set forth in the provisions of this Agreement upon written request by the Association that includes reasons in support for any extension. Any OTS extension shall be made in writing.

Submissions and Notices.

38. All submissions, including progress reports, to OTS that are required by or contemplated by the Agreement shall be submitted within the specified timeframes.

39. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Agreement shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- a. To OTS:
Regional Director
Office of Thrift Supervision
1475 Peachtree St., N.E.
Atlanta, Georgia 30309
404.897.1861 (Fax)

- b. To the Association:
Board of Directors
c/o Arnold A. Zipperer, III, President
First Federal of South Carolina, FSB
300 Robertson Blvd.
Walterboro, South Carolina 29488

No Violations Authorized.

40. Nothing in this Agreement shall be construed as allowing the Association, its Board, officers or employees to violate any law, rule, or regulation.

OTS Authority Not Affected.

41. Nothing in this Agreement shall inhibit, estop, bar or otherwise prevent OTS from taking any other action affecting the Association if at any time OTS deems it appropriate to do so to fulfill the responsibilities placed upon OTS by law.

Other Governmental Actions Not Affected.

42. The Association acknowledges and agrees that its execution of the Agreement is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph [X] above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than OTS.

Miscellaneous.

43. The laws of the United States of America shall govern the construction and validity of this Agreement.

44. If any provision of this Agreement is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

45. All references to OTS in this Agreement shall also mean any of the OTS's predecessors, successors, and assigns.

46. The section and paragraph headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

47. The terms of this Agreement represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such

subject matters.

Enforceability of Agreement.

48. This Agreement is a “written agreement” entered into with an agency within the meaning and for the purposes of 12 USC §§ 1818(b)(1), 1818(e)(1), 1818(i)(2), and 1818(u)(1)(A).

Signature of Directors/Board Resolution.

49. Each Director signing this Agreement attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance and execution of the Agreement.

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