FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of FIRSTBANK FINANCIAL SERVICES MCDONOUGH, GEORGIA (Insured State Nonmember Bank)	ORDER TO CEASE AND DESIST FDIC-08-165b

FirstBank Financial Services, McDonough, Georgia ("Bank"), having been advised of its right to a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulation alleged to have been committed by the Bank, as well as of its right to a hearing on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") dated October 20, 2008, with counsel for the Federal Deposit Insurance Corporation ("FDIC")and the Commissioner (the "Commissioner") for the Georgia Department of Banking and Finance (the "Department"), whereby, solely for the purpose of this proceeding and without admitting or denying any charges of unsafe or unsound banking practices and violations of law and/or regulation, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Commissioner (collectively the "Supervisory Authorities"). The FDIC and the Department considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and has committed violations of law and/or regulation. The FDIC and the Department, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED, that the Bank, its institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of law and/or regulation:

A. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

B. Operating with a Board of Directors ("Board") that has failed to provide adequate supervision over and direction to the management of the Bank;

C. Operating with an inadequate equity capital in relation to the volume and quality of assets held by the Bank;

D. Operating with an inadequate allowance for loans and lease losses (“Allowance”);

E. Engaging in hazardous lending and lax collection practices;

F. Operating with excessive loan losses and with an excessive level of adversely classified loans or assets;

G. Operating with an inadequate loan policy;

H. Operating with a business strategy that has resulted in unprofitable operations and poor asset quality;

I. Operating with inadequate liquidity in light of the Bank’s asset and liability mix;

J. Operating with an inadequate risk rating and loan review system;

K. Operating with an inadequate asset/liability and/or funds management policy;

L. Operating with inadequate policies to monitor and control asset growth; and

M. Violating laws, regulations, and/or statements of policy as more fully described on pages 14-15 of the FDIC’s Report of Examination dated December 10, 2007 (“Report”).

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

1. Board Participation

a. From the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, which shall specifically include meeting at least monthly.

b. Within 30 days from the effective date of this ORDER, the Board shall establish specific procedures designed to fully inform the Bank's Board regarding the management, operation, and financial condition of the Bank at regular intervals and in a consistent format.

c. The Board shall prepare in advance and shall follow a detailed written agenda during each meeting, during which, at a minimum, the following matters shall be reviewed and approved:

i. reports of income and expenses;

ii. loans, reports, including new, overdue, renewed, extended, restructured, insider, non-accrual, charged-off, and recovered loans;

iii. investment activity;

iv. Allowance;

v. asset/liability and funds management reports;

vi. operating policies;

vii. personnel actions;

viii. audit and supervisory reports; and

ix. the minutes summarizing individual committee meetings and actions.

d. The Board shall assume full responsibility for the approval of sound policies, strategic plans, and budgets for all of the Bank's activities. The Board shall record and maintain timely and detailed minutes that document reviews and any related actions, including the names of any dissenting directors. Nothing in this paragraph 1 shall preclude the Board from considering matters other than those contained in the agenda.

2. Management

a. Within 90 days from the effective date of this ORDER, the Board shall engage an independent third party to conduct an assessment of the Bank’s management and staffing needs. The engagement shall require that the analysis and assessment shall be summarized in a written report (“Management Report”) to the Board. Within 45 days of receipt of the Management Report, the Board will conduct a full and complete review of the Management Report, which review shall be recorded in the minutes of the Board meeting. The Board will develop a written Management Plan that incorporates the findings of the Management Report and includes a plan of action in response to each recommendation in the Management Report. The Bank shall provide the Supervisory Authorities with a copy of the proposed engagement letter or contract with the third party for review before it is executed. The contract or engagement letter, at a minimum, shall include:

i. a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

ii. the responsibilities of the firm or individual;

iii. an identification of the professional standards covering the work to be performed;

iv. identification of the specific procedures to be used when carrying out the work to be performed;

v. the qualifications of the employee(s) who are to perform the work;

vi. the time frame for completion of the work;

vii. any restrictions on the use of the reported findings;

viii. a provision for unrestricted examiner access to workpapers; and

ix. a certification that the firm or individual is not affiliated in any manner with the Bank.

b. Within 45 days from receipt of the Management Report, the Bank shall have qualified management, including a chief executive officer and a number and type of senior officers appropriate to the size and complexity of the Bank. They shall have the requisite knowledge, skills, ability, and experience to operate the Bank in a safe and sound manner and in compliance with applicable laws and regulations, as well as to restore the Bank to a satisfactory financial condition. Their focus will include, but not be limited to, capital adequacy, asset quality, management effectiveness, earnings, liquidity, sensitivity to market risk, information technology, and Bank Secrecy Act/Anti-Money Laundering compliance. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER.

c. The Bank shall notify the Supervisory Authorities in writing of any resignations or terminations of any members of its Board or any of its senior officer(s) within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i and Subpart F of Part 303 of the FDIC’s Rules and Regulations, 12 C.F.R. §§ 303.100 through 303.103. In addition, the Bank shall notify the Supervisory Authorities in writing when it proposes to add any individual to the Bank's Board or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual(s) to be added or employed.

3. Capital Requirements

The Bank shall achieve and maintain the following minimum capital levels (as defined in Part 325 of the FDIC’s Rules and Regulations), after establishing an appropriate Allowance:

a. Tier 1 leverage capital at least equal to 8 percent of Total Assets;

b. Tier 1 risk-based capital at least equal to 6 percent of total risk-weighted assets.

c. Total risk-based capital at least equal to 10 percent of total risk-weighted assets.

d. In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

e. In the event any ratio falls below the minimum required by paragraph 3, the Bank shall notify the Supervisory Authorities and shall increase capital in an amount sufficient to comply with this provision within 30 days, or submit a capital plan to the Supervisory Authorities setting forth how the Bank will achieve compliance within 30 days.

f. Any increase in capital necessary to meet the requirements of the provisions of this paragraph 3 may be accomplished by the following:

   i. the sale of new securities in the form of common stock;

   ii. the sale of noncumulative perpetual preferred stock;

   iii. the direct contribution of cash by the directors, shareholders, or parent holding company of the Bank;

   iv. any other method acceptable to the Supervisory Authorities; or

v. any combination of the above means.

g. No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's Allowance or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of institution or affiliate stock or other securities or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

h. Within 30 days from the effective date of this Order, the Bank shall develop and adopt a plan to maintain the minimum risk-based capital requirements for a well-capitalized bank, as described in the FDIC Statement of Policy on Risk-Based Capital contained in Appendix A to Part 325 of the FDIC Regulations, 12 C.F.R. Part 325, Appendix A. The Plan shall be in a form and manner acceptable to the Board and the Supervisory Authorities as determined at subsequent examinations.

i. If all or part of any necessary increase in Tier 1 capital required by paragraph 3 of this ORDER is accomplished by the sale of new securities, the Board shall forthwith take all necessary steps to adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank’s securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the Federal securities laws. Prior to the implementation of the plan and, in any event, not less than fifteen (15) days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6043, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 capital is provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to interest rate and convertibility factor, shall be presented to the Supervisory Authorities for prior approval.

j. In complying with the provisions of Paragraph 3 of this ORDER, the Bank shall provide to any subscriber and/or purchaser of the Bank’s securities, a written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within ten (10) days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

4. Dividend Restriction

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the

Supervisory Authorities.

5. Concentrations of Credit

a. Within 60 days from the effective date of this ORDER, the Bank shall develop and submit to the Supervisory Authorities a written plan for systematically reducing and monitoring the Bank’s portfolio of loans, securities, and/or other extensions of credit advanced or committed, directly or indirectly, to or for the benefit of any borrowers as listed in the Concentrations section of the Report, to an amount which is commensurate with the Bank’s business strategy, management expertise, size, and location. At a minimum, the plan shall include:

i. dollar levels and percent of capital to which the Bank shall reduce each concentration;

ii. timeframes for achieving the reduction in dollar levels identified in response to (i) above;

iii. provisions for the submission of monthly written progress reports to the Bank’s Board for review and notation in minutes of the Board meetings; and

iv. procedures for monitoring the Bank’s compliance with the concentration plan.

b. Within 60 days from the effective date of this ORDER, the Bank shall perform a risk segmentation analysis with respect to the industry concentrations of credit listed on page 33 of the Report. At a minimum, concentrations shall be identified by industry, geographic distribution, underlying collateral, or indirect extensions of credit to or for the benefit of any borrowers dependent upon the performance of a single developer or builder, and other asset groups that are considered economically related. The segmentation analysis required by this paragraph shall be consistent with the interagency guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices.

c. The Bank shall submit the plan to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

6. Charge-off

a. Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets, or portions of assets classified “Loss” and 50 percent of all assets or portions of assets classified “Doubtful” in the Report that have not been previously collected or charged off.

b. Additionally, while this ORDER remains in effect, the Bank shall, within 30 days of the receipt of any future report of examination or visitation report of the Bank from the Regional Director or the Commissioner, eliminate from its books, by collection, charge-off, or other proper entries, the remaining balance of any assets classified “Loss” and fifty (50) percent of those classified “Doubtful,” unless otherwise approved in writing by the Supervisory Authorities.

c. Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

7. Reduction of Adversely Classified Assets

a. The Bank shall develop and complete a written plan to reduce the Bank’s risk exposure in each asset classified “Substandard” or “Doubtful” in the Report as follows:

i. Within 180 days from the effective date of this Order, the Bank shall have reduced the items classified "Substandard" as of the Report and those items classified "Doubtful" that have not previously been charged off or reserved for, to not more than $37,000,000;

ii. Within 365 days from the effective date of this Order, the Bank shall have reduced the items classified "Substandard" and those items classified "Doubtful" as of the Report that have not previously been charged off to not more than $25,000,000; and

iii. Within 540 days from the effective date of this Order, the Bank shall have reduced the items classified "Substandard" and those items classified "Doubtful" as of the Report that have not previously been charged off to not more than $12,000,000.

b. For purposes of this provision, “reduce” means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Supervisory Authorities. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank’s collateral position.

c. In addition, the plan mandated by this provision shall also include, but not be limited to, the following:

  i. a schedule for reducing the outstanding dollar amount of each adversely classified asset, including dates for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a quarterly basis);

  ii. specific action plans intended to reduce the Bank’s risk exposure in each classified asset;

  iii. a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus the Allowance;

iv. a provision for the Bank's submission of monthly written progress reports to its Board; and

v. a provision mandating Board review of the progress reports, with a notation of the review recorded in the minutes of the Board meeting.

d. The requirements of this paragraph 7 do not represent standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets. The plan may include a provision for increasing Tier 1 capital when necessary to achieve the prescribed ratio.

e. Upon completion, the Bank shall submit the plan to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

8. Restrictions on Advances to Adversely Classified Borrowers

a. While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or classified "Loss" or "Doubtful" in the Report and is uncollected. The requirements of this paragraph 8 shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the borrower. For any such renewals, the Board’s conclusions and approval shall be made a part of the minutes of the Board meeting, and a copy shall be retained in the borrower's credit file.

b. While this ORDER is in effect, the Bank shall not make any further extensions of credit, directly or indirectly, to any borrower whose loans are adversely classified "Substandard" in the Report without prior approval by the Board. Prior to extending credit pursuant to this paragraph, the Board shall determine that:

i. the extension of credit is in full compliance with the Bank's loan policy;

ii. the extension of credit is either necessary to protect the Bank's interests, or is adequately secured;

iii. the Bank found the primary and secondary obligors to be creditworthy based on a credit analysis; and

iv. all necessary loan documentation is on file, including, at a minimum, current financial and cash flow information, and satisfactory appraisal, title and lien documents.

c. The Board's determination required by paragraph 8b of this provision shall be recorded in the minutes of the Board meeting, and a copy shall be retained in the borrower's credit file.

9. Reduction of Special Mention Assets

a. Within 90 days from the effective date of this ORDER, the Bank shall develop a plan to correct all deficiencies in the assets listed for "Special Mention" in the Report. The Bank shall immediately submit the plan to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

10. Loan Policy

a. Within 60 days from the effective date of this ORDER, and annually thereafter, the Board shall review the Bank's loan policies and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures necessary to strengthen the Bank's asset quality and lending functions and to prevent further deterioration. As required by this paragraph, the Bank's loan policies shall be enhanced to address the criticisms listed in the Report and should include, at a minimum, provisions that:

i. Establish review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures and that the Board is receiving timely and fully documented reports on loan activity, including reports that identify deviations from established policy and the loan officers responsible for the deviations;

ii. Require that all extensions of credit originated or renewed by the Bank, including loans purchased from a third party:

1) Have a clearly defined and stated purpose;

2) Have a predetermined and realistic repayment source and schedule, including a secondary source of repayment;

3) Are supported by complete loan documentation, including lien searches, perfected security interests, and collateral valuations; and

4) Are supported by current financial information, profit and loss statements or copies of tax returns, and cash flow projections, which information shall be maintained throughout the term of the loan; and

5) are otherwise in conformance with the Bank's lending policies and procedures.

iii. Prohibit the capitalization of interest or loan-related expenses unless the Board provides, in writing, a detailed explanation of why said deviation is in the best interest of the Bank;

iv. Establish requirements for the amount of borrower's equity, the financial condition, global cash flow and resources of the borrower and any guarantor(s), acceptable levels and types of collateral, loan to value ratios, and loan terms and pricing;

v. Require a thorough analysis and confirmation, prior to credit commitment, of all feasibility studies, pre-sales, builder takeout commitments, and any necessary state development or building permits;

vi. Specify the circumstances under which interest reserves may be established for land, development, and construction loans, and include the maximum dollar amount of such reserves for individual loans and the maximum time period for which uncollected interest may be charged to an interest reserve;

vii. Address concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

viii. Establish review and monitoring procedures for compliance with the FDIC's appraisal regulation, 12 C.F.R. Part 323;

ix. Require the establishment and maintenance of a loan grading system and internal loan watch list;

x. Require a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank's internal loan watch list; and

xi. Require loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" and "Doubtful" in any reports of examination.

b. The Bank shall submit the revised policy to the Supervisory Authorities for review and comment. Within 10 days from receipt of any comment from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the policy, and its approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the policy.

11. Allowance for Loan and Lease Losses

a. Within 30 days from the date of this ORDER, the Board shall make a provision which will replenish the Allowance for the loans charged off as a result of the most recent examination and reflect the potential for further losses in the remaining loans or leases classified “Substandard” and “Doubtful” in the Report as well as all other loans and leases in its portfolio.

b. A deficiency in the Allowance shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank’s submission of its quarterly Reports of Condition and Report of Income. The Board shall thereafter maintain an appropriate Allowance.

c. Within 30 days from the effective date of this ORDER, the Board shall establish a comprehensive policy and methodology for determining the appropriateness of the

Allowance. The policy shall provide for a review of the Allowance at least once each calendar quarter and be completed within 15 days of the completion of each quarter in order that the results of the review conducted by the Board may be properly reported in the quarterly Reports of Condition and Income. Such reviews shall, at a minimum, include the Federal Financial Banks Examination Council's ("FFIEC") Instructions for the Reports of Condition and Income, the Interagency Statement of Policy on the Allowance, other applicable regulatory guidance that addresses the appropriateness of the Bank's Allowance, and any analysis of the Bank's Allowance provided by the FDIC.

d. The Bank shall submit the policy to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the policy.

e. In the event that the Supervisory Authorities determine that the Bank's Allowance is inappropriate, the Bank shall increase the Allowance and amend its quarterly Reports of Condition and Income accordingly.

12. Correction of Technical Exceptions

a. Within 30 days from the effective date of this ORDER, the Bank shall correct the exceptions identified during the Examination. All attempts to correct exceptions shall be documented in the borrowers' credit files. In all future operations, the Bank shall ensure that all necessary supporting documentation is obtained and evaluated before any credit or loan is extended by the Bank.

b. Progress reports detailing each outstanding exception and the Bank's plan for corrective action shall be submitted to the Board for review during each regularly scheduled meeting. The review shall be noted in the minutes of the Board meeting.

13. Internal Loan Review

Within 60 days from the effective date of this ORDER, the Bank shall adopt an effective internal loan review and grading system to provide for the periodic review of the Bank's loan portfolio in order to identify and categorize the Bank's loans, and other extensions of credit which are carried on the Bank's books as loans, on the basis of credit quality. Such system and its implementation shall be satisfactory to the Supervisory Authorities as determined at their initial review and at subsequent examinations and/or visitations. At a minimum, the grading system shall provide for the following:

a. specification of standards and criteria for assessing the credit quality of the Bank's loans;

b. application of loan grading standards and criteria to the Bank's loan portfolio;

c. categorization of the Bank's loans into groupings based on the varying degrees of credit and other risks that may be presented under the applicable grading standards and criteria, but in no case, will a loan be assigned a rating higher than that assigned by examiners at the last examination of the Bank without prior written notification to the Supervisory Authorities;

d. assessment of the likelihood that each loan exhibiting credit and other risks will not be repaid according to its terms and conditions;

e. identification of any loan that is not in conformance with the Bank's loan policy;

f. identification of any loan which presents any unsafe or unsound banking practice or condition or is otherwise in violation of any applicable Federal or State law, regulation, or statement of policy;

g. requirement of a written report to be made to the Board, not less than quarterly after the effective date of this ORDER. The report shall identify the status of those loans that exhibit credit and other risks under the applicable grading standards/criteria and the prospects for full collection and/or strengthening of the quality of any such loans; and

h. specific policies governing Bank charge-offs of loans and underlying collateral taken to repay loans.

14. Order Compliance Monitoring Committee

Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee, consisting of at least four members, responsible for ensuring compliance with the ORDER, overseeing corrective measures with respect to the ORDER, and reporting to the Board. At least three of the members of the committee shall be independent directors as defined herein. The committee shall monitor compliance with this ORDER and, within 60 days from the effective date of this ORDER, and every 30 days thereafter, the committee shall submit a written report detailing the Bank’s compliance with this ORDER to the Board, for review and consideration during its regularly scheduled meeting. The compliance report and any discussion related to the report or ORDER shall be incorporated into the minutes of the Board meeting. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

15. Strategic Plan

a. Within 90 days after the effective date of this ORDER, the Bank shall formulate and adopt a comprehensive strategic plan covering an operating period of three years. The strategic plan required by this paragraph 14 shall contain an assessment of the Bank’s current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

b. The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms, intermediate goals and project plans, and long-range goals and project plans. The Bank shall submit the strategic plan to the Supervisory Authorities for review and comment.

c. Within 10 days of receipt of all such comments from the Supervisory Authorities and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and follow the strategic plan.

16. Violations of Laws and Regulations

a. Within 60 days from the effective date of this ORDER, the Bank, consistent with sound banking practices, shall eliminate and/or correct all violations of laws, and/or regulations cited by the FDIC in the Report. In addition, within 60 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable laws, rules, and regulations.

b. Within 60 days from the effective date of this ORDER, the Bank, consistent with sound banking practices, shall implement principles in the Guidance on Concentration in Commercial Real Estate Lending.

c. The Bank shall document each violation or policy contravention that cannot be eliminated or corrected, and why, for review by the Board at its next monthly meeting. The Board’s review, discussion and any action upon the uncorrected violation or policy contravention shall be recorded in its minutes.

17. Profit Plan

Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Board shall develop and fully implement a written profit plan consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank’s other written plans, policies, or other actions as required by this Order. The profit plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. No more than 10 days after the receipt of any comment from the Supervisory Authorities, the Board shall approve the profit plan which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank, shall fully implement the profit plan and any subsequently approved modification. The written profit plan shall include, at a minimum;

a. identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;

b. specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the Allowance;

c. realistic and comprehensive budgets for all categories of income and expense items;

d. a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

e. coordination of the Bank’s loan, investment, funds management, and operating policies, strategic plan, and Allowance methodology with the profit and budget planning;

f. a no less than quarterly budget review process whereby the Board monitors the revenue and expenses of the Bank by comparing actual performance against budgetary projections, and the results of the evaluation and any actions taken by the Board should be reflected in the minutes of the meeting at which the evaluation is undertaken; and

g. individual(s) responsible for implementing each of the goals and strategies of the profit plan.

18. Liquidity

a. Within 90 days from the effective date of this ORDER, the Bank shall develop a contingency funding plan to monitor liquidity risk. The plan, at a minimum, should include the assessment of potential liquidity events, identification and assessment of the adequacy of alternative funding sources, and the definition of responsibilities and decision-making authority.

b. The Bank shall submit the contingency funding plan, and any future modifications, to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities, and after consideration of all such comments, the Bank shall approve the revised policies and plans, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the contingency funding plan.

c. Monthly, the Bank shall review this contingency funding plan for adequacy and, based upon the above criteria, shall make necessary revisions to the plan. At a minimum, the plan shall:

   i. provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

   ii. provide for a periodic review of the Bank’s deposit structure, including the volume and trend of total deposits, the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, and any other information needed;

iii. provide for a periodic calculation to determine the extent to which the Bank is funding long-term assets with short-term liabilities;

iv. provide for a periodic calculation to measure the liquidity posture;

v. review performance with established liquidity ratio target; and

vi. review compliance with required legal reserves.

19. Brokered Deposits

a. Upon the effective date of this ORDER and so long as this ORDER is in effect, the Bank shall not accept, renew, or rollover the amount of brokered deposits above the amount outstanding as of the effective date of this ORDER. Within 30 days of the effective date of this ORDER, the Bank shall submit a written plan for reducing its reliance on brokered deposits, with the ultimate goal of eliminating the Bank’s reliance on brokered deposits, to the Supervisory Authorities.

The plan shall detail the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid.

b. The Bank shall submit the plan to the Supervisory Authorities for review and comment. Within 10 days of receipt of all such comments from the Supervisory Authorities and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the plan.

c. For purposes of this ORDER, brokered deposits are defined in section 337.6(a)(2) of the FDIC's Rules and Regulations 12 C.F.R § 337.6(a)(2), to include any deposits funded by third-party agents or nominees for depositors, including deposits managed by a trustee or custodian when each individual beneficial interest is entitled to or asserts a right to federal deposit insurance.

20. Sensitivity to Market Risk

At least quarterly, the Bank shall analyze and measure the level of interest rate risk exposure. The level of exposure shall be maintained within the limits set forth in the liquidity plan.

The Bank’s interest rate risk position shall be reported to the Board at least quarterly. All exceptions to policy guidelines shall be approved by the Board, and applicable minutes shall address, in detail, the Bank’s interest rate risk posture, areas of noncompliance with the policy, and strategies to be employed to bring the Bank into compliance with established policy parameters.

21. Disclosure of Order to Shareholders

Following the effective date of this ORDER, the Bank shall furnish to its shareholders a description of this ORDER, (a) in conjunction with the Bank's next shareholder communication, and (b) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

22. Progress Reports

a. Within 30 days of the end of the first quarter following the effective date of this ORDER, and within 30 days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Supervisory Authorities detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including at a minimum:

   i. description of the identified weaknesses and deficiencies;

   ii. provision(s) of the ORDER pertaining to each weakness or deficiency;

   iii. actions taken or in-process for addressing each deficiency;

   iv. results of the corrective actions taken;

   v. the Bank's status of compliance with each provision of the ORDER; and

   vi. appropriate supporting documentation.

b. Progress reports may be discontinued when the Supervisory Authorities have, in writing, released the

Bank from making additional reports.

The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

Nothing herein shall prevent the FDIC and the Department from conducting on-site reviews and or examinations of the Bank, its affiliates, agents, servicers, and/or other institution-affiliated parties at any time to monitor compliance with this ORDER.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC and the Department.

Issued Pursuant to Delegated Authority

Dated: October ____, 2008

By:

____

Mark S. Schmidt
Regional Director
Atlanta Regional Office
Division of Supervision and
Consumer Protection

The Georgia Department of Banking and Finance, having duly approved the foregoing ORDER, pursuant to Ga. Code Ann. § 7-1-91, and the Bank, through its Board, agree that the issuance of the said ORDER by the Federal Deposit Insurance Corporation shall be binding as between the Bank and the Georgia Commissioner of Banking and Finance to the same degree and legal effect that such ORDER would be binding on the Bank if the Georgia Commissioner of Banking and Finance had issued a separate Order that included and incorporated all of the provisions of the foregoing ORDER.

Dated this 21ST day of october, 2008.

By:________________________________

Robert M. Braswell
Commissioner of the Department of
Banking and Finance
State of Georgia