FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of CHESTATEE STATE BANK DAWSONVILLE, GEORGIA (INSURED STATE NONMEMBER BANK)	)	ORDER TO CEASE AND DESIST FDIC-08-142b

CHESTATEE STATE BANK, DAWSONVILLE, 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 regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and the Official Code of Georgia Annotated § 7-1-91, and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with Counsel for the Federal Deposit Insurance Corporation ("FDIC") and the Commissioner ("Commissioner") for the State of Georgia, Department of Banking and Finance ("Department"), dated August 19, 2008, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the Commissioner.

The FDIC and the Commissioner considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC and the Commissioner, 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 and 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 inadequate equity capital and reserves in relation to the volume and quality of assets held by the Bank;

(d) Operating with a large volume of poor quality loans;

(e) Operating with an inadequate allowance for loan and lease losses ("ALLL");

(f) Operating with hazardous loan underwriting and administration practices;

(g) Operating in such a manner as to produce low earnings; and

(h) Operating in apparent violation of laws, regulations, and/or statements of policy as more fully described on pages 23 through 32 of the FDIC Report of Examination dated October 29, 2007 ("ROE").

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

BOARD OF DIRECTORS

1. (a) Beginning with the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies, strategic plans, and budgets for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewed, extended, restructured, insider, non-accrual, charged-off, and recovered loans; investment activity; operating policies; personnel actions; audit and supervisory reports; and the minutes summarizing individual committee meetings and actions. Board minutes shall be detailed, maintained and recorded on a timely basis and shall document reviews and any related actions, including the names of any dissenting directors.

(b) Within 30 days from the effective date of this ORDER, the Board shall establish a Board committee ("Directors' 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. Three of the members of the Directors' Committee shall not be officers of the Bank. Bank management shall provide the Directors' Committee with monthly reports detailing the Bank's actions with respect to compliance with the ORDER. The Directors' Committee shall present a report detailing the Bank's adherence to the ORDER to the Board at each regularly scheduled Board meeting. Such report and any discussion related to the report or the ORDER shall be recorded in the appropriate minutes of the meeting of the Board and shall be retained in the Bank's records. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

(c) Within 60 days from the effective date of this ORDER, the Bank shall designate a Board committee to review and approve loans, with such committee being structured so that a majority of members are persons who are not actively involved in the Bank's lending activities. The loan committee shall, at a minimum, perform the following functions:

(i) evaluate and act upon requests for loans or other extensions of credit and assess the administration of outstanding loans or other extensions of credit, in accordance with the Bank's loan policy, as amended to comply with this ORDER;

(ii) provide a thorough, written explanation of any deviations from the loan policy, which shall:

a. address how such exceptions are in the Bank's best interest;

b. be included in the minutes of the corresponding committee meeting; and

c. be maintained in the borrower's credit file;

(iii) review and monitor the status of repayment and collection of overdue and maturing loans, all loans classified "Substandard" in the most recent regulatory Report of Examination, and all loans included on the Bank's internal watch list;

(iv) review and give prior written approval for all advances exceeding $25,000 on existing lines of credit, all renewals of existing extensions of credit, all new extensions of credit and all overdrafts to any borrower or the borrower's "related interests" when the aggregate volume of credit extended to the borrower and its "related interests," as such term is defined in section 215.2(n) of the Regulation O of the Board of Governors of the Federal Reserve System ("Regulation O), 12 C.F.R. § 215.2(n), exceeds $1,000,000;

(v) review all applications for new loans and renewals of existing loans to Bank directors, executive officers, and their related interests, prepare a written opinion as to whether the credit is in conformance with the Bank's loan and conflicts of interest or ethics policies, as well as applicable laws and regulations, and refer each application and written opinion to the Board for consideration and approval; and

(vi) maintain written minutes of the committee meetings, including a record of the review and status of the loans considered. All loan committee minutes shall be reviewed by the Board during the next scheduled meeting.

MANAGEMENT

2. (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 30 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 meeting of the Board.

(b) The Bank shall provide the FDIC's Atlanta Regional Director ("Regional Director") and the Commissioner (collectively 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.

(c) Within 45 days of receipt of the Management Report, the Board will develop a written Management Plan that incorporates the findings of the Management Report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. At a minimum, the Management Plan shall:

(i) identify the type and number of officer positions needed to manage and properly supervise the affairs of the Bank;

(ii) evaluate each Bank officer, and in particular the chief executive officer and senior credit officer, to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and maintain the Bank in a safe and sound condition;

(iii) identify and establish Bank committees needed to provide guidance and oversight to management;

(iv) establish a plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications necessary to fill Bank officer or staff positions consistent with the Management Plan;

(v) identify training and development needs, and incorporate a plan to provide such training and development;

(vi) establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member;

(d) The Management Report and Management Plan and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days from receipt of any comment from the Supervisory Authorities, and after consideration of such comment, the Board shall approve the Management Plan and/or any subsequent modification thereto, which approval shall be recorded in the minutes of the meeting of the Board. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the Board shall immediately advise the Supervisory Authorities, in writing, of specific reasons for deviating from the Management Plan.

(e) During the life of this ORDER, 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, as that term is defined in Part 303 of the FDIC's Regulations, 12 C.F.R. § 303.102. The notification should include a description of the background and experience of the individual(s) to be added or employed and must be received at least 30 days before such addition or employment is intended to become effective. The Bank may not add any individual to its Board or employ any individual as a senior executive officer if the Regional Director issues a notice of disapproval pursuant to section 32 of the FDI Act, 12 U.S.C. § 1831i.

CAPITAL

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall have Tier 1 capital in such an amount as to equal or exceed eight (8) percent of the Bank's total assets. Thereafter, during the life of this ORDER, the Bank shall maintain Tier 1 capital in such an amount as to equal or exceed eight (8) percent of the Bank's total assets. In the event this ratio falls below the established minimum, the Bank shall notify the Supervisory Authorities and shall increase capital in an amount sufficient to comply with this paragraph within 60 days.

(b) Within 30 days from the effective date of this ORDER, the Bank shall develop and adopt a plan for achieving and maintaining the Tier 1 capital level required by subparagraph 3(a) during the life of this ORDER. The plan shall be submitted to the Supervisory Authorities for review and approval.

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

(d) The level of Tier 1 capital to be maintained during the life of this ORDER pursuant to subparagraph 3(a) shall be in addition to a fully funded ALLL, the adequacy of which shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

(e) Any increase in Tier 1 capital necessary to meet the requirements of paragraph 3 of this ORDER may be accomplished by the following:

(i) the sale of common stock; or

(ii) the sale of noncumulative perpetual preferred stock; or

(iii) the direct contribution of cash by the Board, shareholders, and/or parent holding company; or

(iv) any other means acceptable to the Supervisory Authorities; or

(v) any combination of the above means.

Any increase in Tier 1 capital necessary to meet the requirements of paragraph 3 of this ORDER may not be accomplished through a deduction from the Bank's ALLL.

(f) If all or part of the increase in Tier 1 capital required by paragraph 3 of this ORDER is accomplished by the sale of new securities, the Board shall 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 20 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, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 and to the Commissioner, Georgia Department of Banking and Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341-5565 for review. Any changes requested to be made in the plan or materials 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.

(g) 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 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.

(h) For the purposes of this ORDER, the terms "Tier 1 capital" and "total assets" shall have, the meanings ascribed to them in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 325.2(v) and 325.2(x), respectively.

INSIDER RELATIONSHIPS

4. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a written ethics policy ("Ethics Policy") and program ("Ethics Program") designed to bring to the attention of each member of the Board conflicts of interest, which may exist in approving loans or other transactions in which officers, directors or principal shareholders of the Bank ("Insiders") are involved. The Ethics Policy will state the ethical conduct and other standards expected of directors, officers, employees, agents and other persons participating in the conduct of the affairs of the Bank ("Covered Individuals"), in the performance of their duties and responsibilities, and establish the definitions, instructions and format to be followed by Covered Individuals in the preparation of comprehensive conflict disclosure statements ("Statements") to be filed for review by an Ethics Counselor and/or Ethics Committee. At a minimum, the Ethics Program will prohibit self-dealing by Insiders or their advancing personal, business, or other interests, or those of others, at the expense of the Bank; and require:

(i) initial statements from all existing Covered Individuals;

(ii) initial statements from any person who becomes a Covered Individual;

(iii) periodic statements from all Covered Individuals;

(iv) disclosure of all potential conflicts of interest arising from a business or other interest or affiliation;

(v) immediate reporting of new conflicts or discovery of previously unreported conflicts; and

(vi) review and documentation of such review of credit extended to directors and executive officers to ensure compliance with all provisions of Regulation O, 12 C.F.R. Part 215.

(b) The Ethics Program will, at a minimum, ensure that each member of the Board has been apprised of any potential conflict prior to making a decision, and has acted specifically on any loan or other transaction in which Insiders and/or their business associates are, directly or indirectly, involved. The Ethics Program shall also include procedures governing insider transactions and conflicts of interest that adequately address the weaknesses noted on pages 21 and 22 of the ROE. The results of any deliberations by the Board regarding potential conflicts shall be reflected in the minutes of its meetings. The Ethics Program will also address the ethical and other conduct and responsibilities that is commonly expected of Covered Individuals, including disclosure of financial interests and obligations that appear to conflict with the individual's duties and responsibilities. Required disclosures shall include, but not be limited to, any transaction or loan in which the Covered Individual and/or his or her spouse, child, partner, or any organization in which the Covered Individual has a financial interest, or serves as an officer, director, trustee, or partner, is involved.

(c) The Bank shall submit the Ethics Policy and Ethics Program to the Supervisory Authorities for review and comment. Within 30 days from the receipt of any such comments from the Supervisory Authorities and after due consideration of any recommended changes, the Bank shall approve the policy and program, which approval shall be recorded in the minutes of the meeting of the Board. The Bank shall thereafter implement and enforce the policy and program.

ESTABLISH/MAINTAIN ALLOWANCE FOR LOAN AND LEASE LOSSES

5. Within 30 days from the effective date of this ORDER, the Board shall review the adequacy of the ALLL and establish a comprehensive policy for determining the adequacy of the ALLL. For the purpose of this determination, the adequacy of the ALLL shall be determined after the charge-off of all loans or other items classified "Loss." The policy shall provide for a review of the ALLL at least once each calendar quarter. Said review should be completed at least 10 days prior to the end of each quarter, in order that the findings of the Board with respect to the ALLL may be properly reported in the quarterly Reports of Condition and Income. The review should focus on the results of the Bank's internal loan review, loan and lease loss experience, trends of delinquent and non-accrual loans, an estimate of potential loss exposure of significant credits, concentrations of credit, and present and prospective economic conditions. A deficiency in the ALLL shall be remedied in the calendar quarter it is discovered, prior to submitting the Reports of Condition and Income, by a charge to current operating earnings. The minutes of the Board meeting at which such review is undertaken shall indicate the results of the review. The Bank's policy for determining the adequacy of the ALLL shall be in compliance with

FDIC statements of policy, and its implementation shall be satisfactory to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

PLAN TO IMPROVE EARNINGS

6. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate and fully implement a written plan and a comprehensive budget for all categories of income and expense. The plan and budget shall include formal goals and strategies, consistent with sound banking practices and taking into account the Bank's other written policies, to improve the Bank's net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings of the Bank. The plan shall include a description of the operating assumptions that form the basis for and adequately support major projected income and expense components. Thereafter, the Bank shall formulate such a plan and budget by November 30 of each subsequent year.

(b) The plan and budget and any subsequent modification thereto shall be submitted to the Supervisory Authorities for review and comment. Within 30 days after the receipt of any comment from the Supervisory Authorities, the Board shall approve the plan and budget or subsequent modification thereto, which approval shall be recorded in the minutes of the meeting of the Board.

(c) Following the end of each calendar quarter, the Board shall evaluate the Bank's actual performance in relation to the plan and budget and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which such evaluation is undertaken.

WRITTEN STRATEGIC PLAN

7. Within 90 days from the effective date of this ORDER, the Bank shall prepare and

submit to the Supervisory Authorities a written three-year business/strategic plan covering the overall operation of the Bank. The plan shall be submitted to the Supervisory Authorities for review and approval.

CASH DIVIDENDS

8. The Bank shall not pay cash dividends without the prior written consent of the Supervisory Authorities.

CHARGE-OFF

9. (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" in the ROE 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 paragraph 9.

NO ADDITIONAL CREDIT

10. (a) Beginning with the effective date of this ORDER, 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 from the Bank that has been charged off or classified, in whole or in part, "Loss" or "Doubtful" and is uncollected. The

requirements of this paragraph shall not prohibit the Bank from renewing (after collection in cash of interest due from the borrower) any credit already extended to any borrower.

(b) Additionally, during the life of this ORDER, 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 from the Bank that has been classified, in whole or part, “Substandard” and is uncollected.

(c) Subparagraph 10(b) shall not apply if the Bank’s failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to the extending of any additional credit pursuant to this paragraph, either in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by a majority of the Board, or a designated committee thereof, who shall certify, in writing:

(i) why the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank;

(ii) that the extension of such credit would improve the Bank's position, including an explanatory statement of how the Bank’s position would be improved; and

(iii) that an appropriate work-out plan has been developed and will be implemented in conjunction with the additional credit to be extended.

The signed certification shall be made a part of the minutes of the Board or designated committee, and a copy of the signed certification shall be retained in the borrower's credit file.

REDUCTION OF CLASSIFIED ITEMS

11. (a) Within 60 days from the effective date of this ORDER, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of $500,000 classified "Substandard" in the ROE. 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 Regional Director or Commissioner. 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.

(b) 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 timeframes 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 ALLL;

(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 meeting of the Board.

(c) The plan mandated by this provision shall further require a reduction in the aggregate balance of assets classified "Substandard" in the ROE in accordance with the following schedule. For purposes of this paragraph, "number of days" means number of days from the effective date of this ORDER.

(i) Within 180 days, to not more than $25,000,000.

(ii) Within 360 days, to not more than $15,000,000.

(iii) Within 540 days, to not more than $8,000,000.

(d) The requirements of this paragraph are not to be construed as standards for future operations of the Bank. Furthermore, the Bank shall eventually reduce the total of all adversely classified assets. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets.

(e) 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 meeting of the Board. Thereafter, the Bank shall implement and fully comply with the plan. Such plans shall be monitored and progress reports thereon shall be submitted to the Supervisory Authorities at 90-day intervals concurrently with the other reporting requirements set forth in paragraph 19 of this ORDER.

LENDING PRACTICES

12. (a) Within 90 days from the effective date of this ORDER, the Bank shall submit to the Supervisory Authorities specific plans and proposals to effect the correction of all loan underwriting, loan administration, and loan portfolio management weaknesses detailed in the ROE. At a minimum, these plans and proposals shall incorporate procedures:

(i) to address all loan underwriting weaknesses detailed on pages 10 through 18 of the ROE;

(ii) to address construction loan inspection and disbursement procedures;

(iii) to address the appropriate use of interest reserves;

(iv) to ensure proper financial analysis of potential and existing credit relationships, including the documentation of cash flow for the primary and secondary sources of repayment;

(v) to evaluate the Bank's loan review and grading system and implement changes which shall:

a. ensure that loans are appropriately graded;

b. ensure that problem loans are accurately identified on a timely basis;

c. ensure that collateral and credit documentation deficiencies and policy exceptions are identified; and

d. ensure that the results of the loan review are communicated in writing to the Board and the Loan Committee;

(vi) to ensure that the bank's assessment of the adequacy of capital and the ALLL appropriately considers the loan review and grading system;

(vii) to revise the loan policy to include risk limits for industry and individual concentrations and procedures for monitoring and reporting such;

(viii) to require strict guidelines for out-of-territory loans, which, at a minimum, include an aggregate limitation of such loans, require complete credit documentation, and require approval by a majority of the Board prior to disbursement of funds, including a written explanation of why such loans are in the best interest of the Bank; and

(ix) to monitor officer compliance with the written loan policy and to assign responsibility for exceptions to the policy.

(b) Within 60 days from the effective date of this ORDER, the Bank shall establish, adopt, and implement a written loan policy to provide effective guidance, monitoring, and control over the Bank's acquisition, development, and construction ("ADC") lending function. The policy shall address the weaknesses related to the Bank's ADC lending activities, as detailed in the ROE. Also, the policy shall provide for a planned material reduction in the volume of funded and unfunded ADC loans as a percentage of Tier 1 capital. Such policy shall be provided to the Supervisory Authorities for review and approval prior to implementation, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

SPECIAL MENTION

13. Within 60 days from the effective date of this ORDER, the Bank shall take all

necessary steps to correct the cited deficiencies in the loans listed for "Special Mention" on pages 59 through 89 of the ROE. The Board should provide reports regarding steps taken to correct the cited deficiencies to the Supervisory Authorities at 90-day intervals concurrently with the other reporting requirements set forth in paragraph 19 of this ORDER.

CONCENTRATIONS OF CREDIT

14. (a) Within 60 days from the effective date of this ORDER, the Bank shall develop a written plan and policy for systematically reducing the Bank's portfolio of loans or other extensions of credit advanced or committed, directly or indirectly, to or for the benefit of any borrowers noted on pages 90 through 91 of the ROE to an amount that is consistent with the Bank's business strategies, management expertise, size, and location. At a minimum, the plan shall include:

(i) amounts 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 subparagraph 14(a)(i);

(iii) provisions for the submission of monthly, written progress reports to the Board for review and notation in the minutes of the meetings; and

(iv) procedures for monitoring the Bank's compliance with the 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 90 of the ROE. At a minimum, concentrations shall be identified by industry, geographic distribution, underlying collateral, direct 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*, http://www.fdic.gov/news/press/2006/pr06114.html.

(c) A copy of the plan and the analysis shall be provided to the Supervisory Authorities for review and approval. The plan and its implementation shall be in a form and manner acceptable to the Supervisory Authorities as determined at subsequent examinations and/or visitations.

LIQUIDITY

15. (a) From the effective date of this ORDER, the Bank shall review its liquidity position at least monthly to ensure that the Bank has sufficient liquid assets or sources of liquidity to meet current and anticipated liquidity needs. The results of each monthly analysis shall be made a part of the Board minutes.

(b) Within 60 days from the effective date of this ORDER, the Bank shall develop or revise, adopt, and implement a written liquidity contingency plan. At a minimum, this plan shall:

(i) define responsibilities and decision making authority for Bank personnel;

(ii) assess possible liquidity events;

(iii) assess the potential liquidity risk posed by bank activities;

(iv) identify potential sources and uses of funds;

(v) identify and assess the adequacy of contingent funding sources;

(vi) identify the sequence in which sources of funds will be used for contingent needs;

(vii) accelerate the timeframes for funds management reporting in a problem liquidity situation;

(viii) require periodic testing of accessibility to established lines of credit and other alternative sources of funds; and

(ix) address procedures to ensure funds will meet the overnight cash letter.

Such plan shall be submitted to the Supervisory Authorities for review and approval, and its implementation shall be in a form and manner acceptable to the Supervisory Authorities, as determined at subsequent examinations and/or visitations.

AUDIT/BANK SECRECY ACT/INFORMATION TECHNOLOGY PROGRAMS

16. (a) Within 60 days from the effective date of this ORDER, the Bank shall improve supervision of the audit program. The Bank shall review and implement all audit program recommendations contained on page 20 of the ROE.

(b) Within 60 days from the effective date of this ORDER, the Bank shall correct all Bank Secrecy Act compliance program deficiencies set forth on page 19 of the ROE.

(c) Within 60 days from the effective date of this ORDER, the Bank shall review and implement all Information Technology program recommendations set forth on page 6 through 7 of the ROE.

ELIMINATE/CORRECT ALL VIOLATIONS OF LAW

17. (a) Within 60 days from the effective date of this ORDER, the Bank shall take

all necessary steps, subject to safe and sound banking practices, to eliminate and/or correct the violations of law set out on pages 23 through 27 and pages 31 through 32 of the ROE. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable laws and regulations.

(b) Within 60 days from the effective date of this ORDER, the Bank shall take all necessary steps, to eliminate the contraventions of statements of policy set out on pages 28 through 30 of the ROE. In addition, the Bank shall take all necessary steps to ensure future compliance with all applicable policies.

DISCLOSURE

18. Following the effective date of this ORDER, the Bank shall send to its shareholders or otherwise furnish a description of this ORDER in conjunction with the Bank's next shareholder communication. 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., Washington, D.C. 20429 and the Commissioner, Georgia Department of Banking and Finance, 2990 Brandywine Road, Suite 200, Atlanta, Georgia 30341-5565 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the Commissioner shall be made prior to dissemination of the description, communication, notice, or statement.

PROGRESS REPORTS

19. 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 and manner of any actions taken, and the results thereof, to secure compliance with this ORDER. Such written progress reports shall include a copy of the Bank's Reports of Condition and Income and shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER. Progress reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have, in writing, released the Bank from making further reports.

This ORDER shall become effective 10 days from the date of its issuance. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER shall have been modified, terminated, suspended, or set aside by the FDIC and the Commissioner.

Pursuant to delegated authority.

Dated at Atlanta, Georgia, this 21st day of August, 2008.

Robert M. Braswell Commissioner Georgia Department of Banking and Finance	Mark S. Schmidt Regional Director Atlanta Region Federal Deposit Insurance Corporation