FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of FREEDOM BANK BRADENTON, FLORIDA (Insured State Nonmember Bank)	))))))))	ORDER TO CEASE AND DESIST FDIC-08-173b

FREEDOM BANK, BRADENTON, FLORIDA ("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 having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with a representative of the Legal Division of the Federal Deposit Insurance Corporation ("FDIC") and the Director ("Director") of the Division of Financial Institutions ("DFI") of the Florida Office of Financial Regulation ("OFR"), dated September _____, 2008, whereby, solely for the purpose of this proceeding and without admitting or denying any of 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 OFR.

The FDIC and the OFR considered the matter and determined that there is reason to believe that the Bank has engaged in unsafe or unsound banking practices and has committed violations of law and/or regulations. The FDIC and the Director, 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 such 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 regulations:

(a) operating with inadequate capital for the risk profile of the Bank;

(b) operating with inadequate supervision by the Board of Directors ("Board");

(c) operating with inadequate management, policies, and practices;

(d) violating laws, regulations and/or statements of policy as more fully described on pages 17-19 of the FDIC Report of Examination dated March 10, 2008 ("Report");

(e) operating with an excessive volume of adversely classified assets;

(f) operating with an inadequate allowance for loan and lease losses ("ALLL");

(g) operating with unsafe or unsound loan underwriting and administration practices;

(h) operating in such a manner as to produce operating losses; and

(i) operating with inadequate policies and procedures to monitor and control risks within concentrations of credit in the Bank's loan portfolio.

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

1. CAPITAL

(a) Within 45 days from the effective date of this ORDER, the Bank shall increase Tier 1 capital to 8 percent of total assets, Tier 1 risk-based capital to 8 percent of total risk-weighted assets, and total risk-based capital to 11 percent of total risk-weighted assets, or take such other action acceptable to the Supervisory Authorities sufficient to comply with this provision.

(b) Subsequent to achieving the capital ratios required by paragraph 1(a), the Bank shall maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations), after establishing an adequate ALLL:

i) Tier 1 capital at least equal to 8 percent of total assets;

ii) Tier 1 risk-based capital at least equal to 8 percent of total risk-weighted assets; and

iii) Total risk-based capital at least equal to 11 percent of total risk-weighted assets.

(c) 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's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(d) In the event any ratio falls below the established minimum, the Bank shall notify the Regional Director ("Regional Director") of the FDIC and the Director of the DFI of the OFR (collectively, "Supervisory Authorities") and shall increase capital in an amount, or take such other action acceptable to the Supervisory Authorities, sufficient to comply with this provision within 90 days.

(e) The level of Tier 1 capital, Tier 1 risk-based capital, and total risk-based capital to be maintained during the life of this ORDER pursuant to this paragraph 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.

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

i) the sale of common stock;

ii) the direct contribution of cash by the Board and/or the shareholders; or

iii) any other means acceptable to the Supervisory Authorities.

Any increase in Tier 1 capital necessary to meet the requirements of this paragraph may not be accomplished through a deduction from the Bank's ALLL without the prior written authorization of the Supervisory Authorities.

(g) If all or part of any necessary increase in Tier 1 capital required by this paragraph 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 any applicable securities laws. Prior to the implementation of the plan and, in any event, not less than 15 days prior to the dissemination of such materials, the plan and any materials to be 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-6043, Washington, D.C. 20429, and the OFR, DFI, 200 East Gaines Street, Tallahassee, Florida, 32399-0371, for review. Any changes requested to be made in the plan or materials shall be made prior to their dissemination.

(h) In complying with the provisions of this paragraph, 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 that 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.

2. DIVIDENDS

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.

3. DIRECTORS

(a) Immediately upon 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 and objectives and 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: capital adequacy; liquidity; classified and criticized assets; reports of income and expenses; new, overdue, renewal, insider, charged-off, and recovered loans; investment activity; operating policies; and individual committee actions. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(b) Within 30 days from the effective date of the ORDER, the Board shall establish a Board committee ("Directors' Committee"), consisting of at least five members, to oversee the Bank's compliance with the ORDER. A majority of the members of the Directors' Committee shall not be officers of the Bank. The Directors' Committee shall receive from Bank management monthly reports regarding the Bank's actions with respect to compliance with this ORDER. The Directors' Committee shall present a report regarding the Bank's adherence to the ORDER to the Board at each regularly scheduled Board meeting. Such report shall be recorded in appropriate minutes of the Board's meeting and shall be retained in the Bank's records.

4. MANAGEMENT

Within 60 days from the effective date of this ORDER, the Bank shall have and retain qualified management.

(a) Each member of management shall have the qualifications and experience commensurate with his or her duties and responsibilities at the Bank. Each member of management shall be provided appropriate written authority from the Board to implement the provisions of this ORDER. At a minimum management shall include:

i) a chief executive officer with proven ability in managing a bank of comparable size and in effectively implementing lending, investment, and operating policies in accordance with sound banking practices; and

ii) a senior lending officer with a significant amount of appropriate lending, collection, loan supervision experience for the type and quality of the Bank's loans, and experience in upgrading a low quality loan portfolio.

(b) The qualifications of management shall be assessed on its ability to:

i) comply with the requirements of this ORDER;

ii) operate the Bank in a safe and sound manner;

iii) comply with applicable laws and regulations; and

iv) restore all aspects of the Bank to a safe and sound condition, including, but not limited to, asset quality, capital adequacy, earnings, liquidity, management effectiveness, risk management, and sensitivity to market risk.

(c) During the life of this ORDER, the Bank shall provide written notice to the Supervisory Authorities 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 Rules and Regulations, 12 C.F.R. § 303.101, or executive officer as that term is defined and applied in Chapter 655 and Section 655.0385, Florida Statutes, and Rule 69U-100.03852, Florida Administrative Code. The notification to the Supervisory Authorities shall comply with the requirements set forth in 12 C.F.R. Part 303, Subpart F, and Rule 69U-100.03852, Florida Administrative Code. The notification should include a description of the background and experience of the individual or individuals to be added or employed and must be received at least 60 days before such addition or employment is intended to become effective. If the Regional Director or Director issues a notice of disapproval pursuant to section 32 of the Act, 12 U.S.C. § 1831i, or Section 655.0385(2), Florida Statutes, with respect to any proposed individual, then such individual may not be added or employed by the Bank.

(d) To facilitate having and retaining qualified management, in no more than 60 days from the effective date of this ORDER, the Board shall develop a written analysis and assessment of the Bank's senior executive officers and staffing needs ("Management Plan") which shall include, at a minimum:

i) identification of both the type and number of other positions needed to manage and supervise properly the affairs of the Bank during a period of declining asset quality considering the labor intensive nature of the Bank's needs to work out of large, complex problem loans;

ii) evaluations of each senior executive officer and other staff 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 restoration and maintenance of the Bank's safe and sound condition;

iii) a plan of action to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications, which the Board determines are necessary to fill those senior executive officer or staff member positions consistent with the needs identified in the Management Plan;

iv) an organizational chart which specifies lines of authority and responsibility; and

v) designation of one or more employees dedicated to the oversight, monitoring, and workout of problem assets.

(e) The Management Plan shall be submitted to the Supervisory Authorities for review and comment. No more than 30 days from the 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 Board meeting. Thereafter, the Bank shall implement the Management Plan and/or any subsequent modification.

5. CONCENTRATIONS OF CREDIT

(a) Within 60 days from the effective date of this ORDER, the Bank shall review its concentrations of credit as listed on pages 53-56 of the Report to identify the level of risk and develop a written plan approved by its Board and acceptable to the Supervisory Authorities to systematically reduce and monitor the Bank's level of concentration risk. 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 5(i);

iii) Provisions for the submission of monthly written progress reports to the Board for review and notation in the minutes of its meetings; and

iv) Procedures for monitoring the Bank's compliance with the plan.

6. CHARGE-OFF

(a) Within 30 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. If an asset classified "Doubtful" is a loan or lease, the Bank may, in the alternative, increase its ALLL by an amount equal to 50 percent of the loan or lease classified "Doubtful".

(b) Additionally, while this ORDER remains in effect, the Bank shall, within 30 days from the receipt of any official Report of Examination of the Bank from the FDIC or the OFR, eliminate from its books, by collection, charge-off, or other proper entries, the remaining balance of any asset classified "Loss" and 50 percent of those classified "Doubtful" unless otherwise approved in writing by the Supervisory Authorities.

(c) Within 30 days from the effective date of the ORDER, the Bank shall establish a reserve for contingent liabilities and charge all contingent liabilities classified "Loss" in the Report to the reserve. Thereafter, the Bank shall maintain an adequate reserve for contingent liabilities as an "other liability" on the Bank's balance sheet.

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

7. <u>ALLOWANCE FOR LOAN AND LEASE LOSSES</u>

(a) 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 shall be completed 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. Such reviews shall, at a minimum, include the following:

i) 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, present and prospective economic conditions, and trends in the severity of weaknesses in extensions of credit identified as "Special Mention" or adversely classified in the latest Report of Examination by the Supervisory Authorities; and

ii) The Federal Financial Institutions Examination Council's Instructions for the Reports of Condition and Income, the Interagency Statement of Policy on the ALLL, and other applicable regulatory guidance that addresses the adequacy of the Bank's ALLL.

(b) 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 and its implementation shall be satisfactory to the Supervisory Authorities at subsequent examinations and/or visitations.

8. LOAN INTEREST RESERVES

Within 30 days from the effective date of this ORDER, the Board shall adopt and implement a policy limiting the use of loan interest reserves. Such policy shall confine the use of interest reserves to properly underwritten construction or development loans where development or building plans have specific timetables that commence within a reasonable time of the loan's approval and that include realistic completion dates. Interest reserves shall be used only for payment of interest on development or constructions loans for projects that are progressing according to their timetables. Interest reserves may be supplemented only with the prior written approval of the Board or a committee thereof, so long as the approval documents a prudent reason for the supplement.

9. ADVERSELY CLASSIFIED ASSETS

(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, or relationship in excess of $1,000,000 ($1 million) classified "Substandard" or "Doubtful" in the Report. 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.

(b) In addition, the plan mandated by this provision shall also include, but not be limited to, the following:

i) A quarterly schedule for reducing the outstanding dollar amount of adversely classified assets;

ii) 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;

iii) A provision for the Bank’s submission of monthly written progress reports to its Board; and

iv) 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" and "Doubtful" in the Report in accordance with the following schedule.

i) Within 90 days of the effective date of this ORDER, to not more than 120 percent of Tier 1 capital plus the ALLL as determined at the end of the 90 day period;

ii) Within 180 days of the effective date of this ORDER, to not more than 100 percent of Tier 1 capital plus the ALLL as determined at the end of the 180 day period;

iii) Within 360 days of the effective date of this ORDER, to not more than 75 percent of Tier 1 capital plus the ALLL as determined at the end of the 360 day period; and

iv) Within 540 days of the effective date of this ORDER, to not more than 50 percent of Tier 1 capital plus the ALLL as determined at the end of the 540 day period.

(d) The requirements of this paragraph 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) Within 60 days of the effective date of this ORDER, 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.

10. SPECIAL MENTION ASSETS

Within 60 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". 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.

11. 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" and is uncollected. The requirements of this paragraph 11 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.

(b) Subparagraph 11 (a) 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 extending additional credit pursuant to this paragraph 11, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's Board, or a designated committee thereof, who shall certify, in writing:

i) Why 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 improve;

iii) That an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended; and

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

(c) 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 whose loans are adversely classified "Substandard" by the FDIC and the OFR, without prior approval by the Bank's Board. The Bank’s Board shall not approve the proposed extension without first making affirmative determinations that:

i) The extension of credit is in full compliance with the Bank's loan policy or authorized by the Board as an exception to the Bank’s loan policy;

ii) The extension of credit is 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.

v) The affirmative determination shall be recorded in the minutes of the Board meeting, with a copy retained in the borrower’s credit file.

12. VIOLATIONS OF LAW AND REGULATION

Within 90 days from the effective date of this ORDER, the Bank shall take steps necessary, consistent with sound banking practices, to attempt in good faith to eliminate and/or correct all violations of laws, regulations, and/or statements of policy on pages 17-19 in the Report and shall adopt and implement appropriate procedures to ensure future compliance with all such applicable federal and state laws and regulations and/or statements of policy.

13. LOAN POLICY

Within 90 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 enhance the Bank's lending functions and ensure their implementation. As required by this paragraph, the Bank's loan policies and procedures shall be revised to include, at a minimum, provisions that:

(a) Address and fully correct those criticisms found at Item 2 on pages 14 through 15 of the Report;

(b) Establish limitations on the aggregate level of credit to any one borrower that can be granted without prior approval of the Board;

(c) Establish review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures, and that the Board is receiving timely, comprehensive, and fully documented reports on loan activity, concentrations of credit, market studies, and deviations from established policy and procedures and the bases for the deviations;

(d) Require that departures from loan policy limitations on the amount that can be loaned in relation to established collateral values be appropriately approved, with written explanation;

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

(f) Require that collateral appraisals be completed prior to making secured extensions of credit, and define the circumstances and time frames under which subsequent collateral valuations will be performed;

(g) Enhance the review and monitoring procedures for compliance with the FDIC's appraisal regulation, 12 C.F.R. Part 323; and

(h) Review, enhance, and maintain a loan grading system and internal watch list that is consistent with the risks associated with the Bank's loan portfolio.

14. LOAN REVIEW

Within 90 days from the effective date of the ORDER, the Board shall enhance its independent loan review program to provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the program shall provide for:

(a) Prompt identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention, and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(b) Action plans to reduce the Bank's risk exposure from each identified relationship;

(c) Prompt identification of all outstanding balances and commitments attributable to each obligor identified under the requirements of subparagraph 14(a), including outstanding balances and commitments attributable to related interests of such obligors, including the obligor of record, relationship to the primary obligor identified under subparagraph 14(a), and an assessment of the risk exposure from the aggregate relationship;

(d) Identification of trends affecting the quality of the loan portfolio, potential problem areas, and action plans to reduce the Bank's risk exposure;

(e) Assessment of the overall quality of the loan portfolio;

(f) Identification of credit and collateral documentation exceptions including loan covenant exceptions, and action plans to address the identified deficiencies;

(g) Identification and status of violations of laws, rules, or regulations with respect to the lending function and an action plan to address the identified violations;

(h) Identification of loans that are not in conformance with the Bank's lending policy and action plans to address the deficiencies; and

(i) A mechanism for reporting periodically, but in no event less than quarterly, the information developed in subparagraphs 14(a) through 14(h) above to the Board. The report should also describe the actions taken by management with respect to problem credits.

15. STRATEGIC PLAN

Within 90 days from the effective date of this ORDER, the Bank shall prepare and submit to the Supervisory Authorities its written strategic plan consisting of long-term goals designed to improve the condition of the Bank and its viability and strategies for achieving those goals. The plan shall be in a form and manner acceptable to the Supervisory Authorities, but at a minimum shall cover three years and provide specific objectives for asset growth, market focus, earnings projections, capital needs, and liquidity position.

16. BUDGET

(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 for the calendar year ending 2009. The plan and budget required by this paragraph 16 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 and submit the plan and budget to the Supervisory Authorities for review and comment by December 15 of each subsequent year.

(b) The plan and budget required by subparagraph 16 (a) of this ORDER shall be acceptable to the Supervisory Authorities.

(c) Following the end of each calendar quarter, the Board shall evaluate the Bank's actual performance in relation to the plan and budget required by subparagraph 16(a) of this ORDER 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 and provide the Supervisory Authorities with the Progress Reports required by paragraph 20.

17. LIQUIDITY

(a) Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement a written plan addressing liquidity, contingent funding, and asset liability management. A copy of the plan shall be submitted to the Supervisory Authorities upon its completion for their review and comment. Within 30 days from the receipt of any comments from the Supervisory Authorities, the Bank shall incorporate those recommended changes. Thereafter, the Bank shall implement and follow the plan. Annually during the life of this ORDER, the Bank shall review this plan for adequacy and, based upon such review, shall make appropriate revisions to the plan that are necessary to strengthen funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs.

(b) The initial plan shall include, at a minimum:

i) a limitation on the ratio of the Bank's total loans to assets;

ii) a limitation of the ratio of the Bank's total loans to funding liabilities;

iii) identification of a desirable range and measurement of dependence on non-core funding including brokered funds;

iv) establishment of lines of credit that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved inadequate;

v) a requirement for retention of sufficient investments that can be promptly liquidated to ensure the maintenance of the Bank's liquidity posture at a level consistent with short-term and long-term objectives;

vi) establishment of contingency plans to restore liquidity to that amount called for in the Bank's liquidity policy; and

vii) establishment of limits for borrowing federal funds and other funds, including limits on dollar amounts, maturities, and specified sources/lenders.

18. <u>BROKERED DEPOSITS</u>

(a) Upon the effective date of this ORDER, and so long as this ORDER is in effect, the Bank shall not increase the amount of brokered deposits above the amount outstanding as of the effective date of this ORDER. Within 10 days of the effective date of this ORDER, the Bank shall submit a written plan for eliminating its reliance on brokered deposits to the Supervisory Authorities for review and comment. The plan shall detail the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid. Within 30 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. For purposes of this ORDER, brokered deposits are defined in section 337.6(a)(2) of the FDIC 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.

(b) The Bank shall provide a written progress report to the Supervisory Authorities detailing the level, source, and use of brokered deposits with specific reference to progress under the Bank's plan together with the progress report required by paragraph 20.

(c) The Bank shall comply with the restrictions on the effective yields on deposits described in 12 C.F.R. § 337.6(b)(4).

19. <u>DEPARTMENT AUDIT</u>

(a) Within 90 days of the effective date of the ORDER, the Bank shall conduct, or cause to be conducted, a comprehensive audit of the underwriting of the loans made in the secondary market residential lending department since the Bank's opening, including loans already sold. Documentation supporting any determination made pursuant to this paragraph 19 shall be retained in the Bank's records for such period of time as may be required by any applicable rules and regulations.

(b) Upon completion of the audit required pursuant to the subparagraph 19(a) above, the Bank shall submit a written report of the audit to the Board and the Supervisory Authorities within 120 days of the effective date of this ORDER. The Bank shall submit copies of any suspicious activity reports filed or loans re-classified to the Supervisory Authorities.

20. <u>PROGRESS REPORTS</u>

(a) Within 30 days from the end of the first calendar 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 to secure compliance with this ORDER and the results thereof. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER.

(b) All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the minutes of the appropriate Board meeting.

(c) Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Supervisory Authorities have released the Bank in writing from making further reports.

21. <u>DISCLOSURE TO SHAREHOLDERS</u>

Following the issuance of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER (i) in conjunction with the Bank's next shareholder communication or (ii) 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 and to the Director of DFI of the OFR, 200 East Gaines Street, Tallahassee, FL 32399 to review at least twenty (20) days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and the OFR shall be made prior to dissemination of the description, communication, notice, or statement.

This ORDER shall become effective immediately upon 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 in writing by the FDIC.

Pursuant to delegated authority.

Dated this ____ day of September, 2008.

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Mark S. Schmidt
Regional Director
Division of Supervision and Consumer Protection
Atlanta Region
Federal Deposit Insurance Corporation

The Commissioner of the Florida Office of Financial Regulation having duly approved the foregoing ORDER, and the Bank, through its Board, having agreed that the issuance of said ORDER by the FDIC shall be binding as between the Bank and the OFR to the same degree and legal effect that such ORDER would be binding upon the Bank if the OFR had issued a separate order that included and incorporated all of the provisions of the foregoing ORDER pursuant to Sections 655.033 and 655.041, Florida Statutes (2008).

Dated this 5th day of September, 2008.

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Linda B. Charity
Director, Division of Financial Institutions
Office of Financial Regulation
By Delegated Authority for the Commissioner, Office of Financial Regulation