

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

Written Agreement by and between

COMMONWEALTH SAVINGSHARES  
CORPORATION  
Huntsville, Alabama

and

FEDERAL RESERVE BANK OF  
ATLANTA  
Atlanta, Georgia

Docket No. 12-075-WA/RB-HC

WHEREAS, Commonwealth Savingsshares Corporation, Huntsville, Alabama (“CSC”), a registered savings and loan holding company, owns and controls SOUTHBank, Corinth, Mississippi (“SOUTHBank-Mississippi”) and SOUTHBank, Palm Beach Gardens, Florida (“SOUTHBank-Florida”), federal savings banks, and a nonbank subsidiary;

WHEREAS, on November 19, 2010, CSC entered into a Cease and Desist Order Issued Upon Consent with the Office of Thrift Supervision to correct certain deficiencies at CSC relating to safety and soundness (the “2010 Order”);

WHEREAS, it is the common goal of CSC and the Federal Reserve Bank of Atlanta (the “Reserve Bank”) to maintain the financial soundness of CSC so that CSC may serve as a source of strength to SOUTHBank-Mississippi and SOUTHBank-Florida (collectively, the “Thrifts”);

WHEREAS, CSC and the Reserve Bank have mutually agreed to enter into this Written Agreement (the “Agreement”); and

WHEREAS, on January 30, 2013, the board of directors of CSC, at a duly constituted meeting, adopted a resolution authorizing and directing Danny L. Wiginton, Chief Executive Officer, to enter into this Agreement on behalf of CSC, and consenting to compliance with each and every provision of this Agreement by CSC and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. §§ 1813(u) and 1818(b)(3)).

NOW, THEREFORE, CSC and the Reserve Bank agree as follows:

**Source of Strength**

1. The board of directors of CSC shall take appropriate steps to fully utilize CSC’s financial and managerial resources, pursuant to section 38A of the FDI Act (12 U.S.C. § 1831o-1) and section 238.8(a) of Regulation LL of the Board of Governors of the Federal Reserve System (the “Board of Governors”) (12 C.F.R. § 238.8(a)), to serve as a source of strength to the Thrifts, including, but not limited to, taking steps to ensure that SOUTHBANK-Mississippi complies with the Consent Order entered into with the Office of the Comptroller of the Currency on March 27, 2012; and SOUTHBANK-Florida complies with the Consent Order entered into with the Office of the Comptroller of the Currency on March 28, 2012; and each of the Thrifts complies with any other supervisory action taken by the Thrifts’ federal regulator.

**Dividends and Distributions**

2. (a) CSC shall not declare or pay any dividends without the prior written approval of the Reserve Bank and the Director of the Division of Banking Supervision and Regulation of the Board of Governors (the “Director”).

(b) CSC shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Thrifts without the prior written approval of the Reserve Bank.

(c) CSC and its nonbank subsidiary shall not make any distributions of interest, principal, or other sums on subordinated debentures or trust preferred securities without the prior written approval of the Reserve Bank and the Director.

(d) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the proposed dividend declaration date, proposed distribution on subordinated debentures, and required notice of deferral on trust preferred securities. All requests shall contain, at a minimum, current and projected information on CSC's capital, earnings, and cash flow; the respective Thrift's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to pay dividends, CSC must also demonstrate that the requested declaration or payment of dividends is consistent with the Board of Governors' Policy Statement on the Payment of Cash Dividends by State Member Banks and Bank Holding Companies, dated November 14, 1985 (Federal Reserve Regulatory Service, 4-877 at page 4-323).

### **Debt and Stock Redemption**

3. (a) CSC and any nonbank subsidiary shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) CSC shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank.

#### **Compliance with Laws and Regulations**

4. (a) In appointing any new director or senior executive officer, or changing the responsibilities of any senior executive officer so that the officer would assume a different senior executive officer position, CSC shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. § 1831i) and Subpart H of Regulation LL of the Board of Governors (12 C.F.R. §§ 238.71 *et seq.*).

(b) CSC shall comply with the restrictions on indemnification and severance payments of section 18(k) of the FDI Act (12 U.S.C. § 1828(k)) and Part 359 of the Federal Deposit Insurance Corporation's regulations (12 C.F.R. Part 359).

#### **Progress Reports**

5. Within 45 days after the end of each calendar quarter following the date of this Agreement, CSC shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in stockholders' equity.

#### **Communications**

6. All communications regarding this Agreement shall be sent to:

(a) Mr. Allen Stanley  
Assistant Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30309

- (b) Mr. Danny L. Wiginton  
Chief Executive Officer  
Commonwealth Savingsshares Corporation  
118 Jefferson Street  
Huntsville, Alabama 35801

**Miscellaneous**

7. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to CSC to comply with any provision of this Agreement.

8. The provisions of this Agreement shall be binding upon CSC and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

9. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

10. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting CSC, the Thrifts, any nonbank subsidiary of CSC, or any of their current or former institution-affiliated parties and their successors and assigns.

11. This Agreement supersedes the 2010 Order.

12. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 5<sup>th</sup> day of February, 2013.

COMMONWEALTH SAVINGSHARES  
CORPORATION

FEDERAL RESERVE BANK  
OF ATLANTA

By: /s/ Danny L. Wiginton  
Danny L. Wiginton  
Chief Executive Officer

By: /s/ Allen Stanley  
Allen Stanley  
Assistant Vice President