

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

STATE OF GEORGIA
DEPARTMENT OF BANKING AND FINANCE
ATLANTA, GEORGIA

_____)	
Written Agreement by and among)	
)	
PUTNAM-GREENE FINANCIAL)	Docket Nos. 04-005-WA/RB-HC
CORPORATION)	04-005-WA/RB-SM
Eatonton, Georgia)	
)	
THE CITIZENS BANK OF COCHRAN)	
Cochran, Georgia)	
)	
FEDERAL RESERVE BANK)	
OF ATLANTA)	
Atlanta, Georgia)	
)	
and)	
)	
BANKING COMMISSIONER OF)	
THE STATE OF GEORGIA)	
Atlanta, Georgia)	
_____)	

WHEREAS, in recognition of their common goals (i) to maintain the financial soundness and the integrity of the records and information systems of Putnam-Greene Financial Corporation, Eatonton, Georgia ("Putnam-Greene"), a registered bank holding company that owns and controls The Farmers and Merchants Bank, Eatonton, Georgia; The Farmers Bank, Union Point, Georgia; the First Bank of Coastal Georgia, Pembroke, Georgia; and the Citizens Bank of Cochran, Cochran, Georgia (collectively, the "Subsidiary Banks"), state chartered banks that are members of the Federal Reserve System, and (ii) to restore and maintain the financial

soundness of The Citizens Bank of Cochran, Cochran, Georgia (the "Bank"), the Federal Reserve Bank of Atlanta (the "Reserve Bank"), and the Banking Commissioner of the State of Georgia (the "Commissioner") have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, Putnam-Greene performs and oversees the information technology functions for the consolidated organization, including data processing, information security, vendor management, and contingency planning, and as a result of the identification of deficiencies, Putnam-Greene is taking steps to enhance and improve the consolidated organization's information technology program; and

WHEREAS, on March 17, 2004, the boards of directors of Putnam-Greene and the Bank, at duly constituted meetings, adopted resolutions authorizing and directing L. O. Benton, III, to enter into this Agreement on behalf of Putnam-Greene and the Bank, respectively, and consenting to compliance by Putnam-Greene, the Bank, and their 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)), with each and every applicable provision of this Agreement.

NOW, THEREFORE, Putnam-Greene, the Bank, the Reserve Bank, and the Commissioner agree as follows:

Information Technology Review

1. (a) Within 20 days of this Agreement, Putnam-Greene shall engage the services of a qualified independent firm (the "IT Consultant"), acceptable to the Reserve Bank and the Commissioner, to conduct a comprehensive review of the adequacy of Putnam-Greene's and the Subsidiary Banks' information technology strategy, oversight, operations, policies,

procedures, and controls (the "IT Review"). The terms of the contract with the IT Consultant shall require that the IT Review be completed within 90 days of the retention of the IT Consultant and that the IT Consultant submit a report of findings and recommendations ("IT Consultant's Report") to Putnam-Greene's board of directors within 10 days of the completion of the IT Review. The IT Review shall at a minimum, address, consider, and include:

- (i) An evaluation of the current and future information technology needs of the consolidated organization;
- (ii) an assessment of the consolidated organization's information technology risks and performance gaps;
- (iii) the adequacy of the consolidated organization's information technology policies and procedures, including, but not limited to those governing change controls; information security, including physical and logical access to systems; business continuity and disaster recovery; and vendor management;
- (iv) the adequacy of the consolidated organization's information systems hardware, operating systems, and application software to meet the current and future needs of the Subsidiary Banks;
- (v) an assessment of the current level of information technology staffing to ensure that operations are adequately staffed and performed by qualified personnel and management; and
- (vi) the deficiencies related to information technology noted in the report of the information technology examination of Putnam-Greene conducted by the Reserve Bank in September 2003 (the "IT Report of Examination").

(b) Putnam-Greene shall forward a copy of the IT Consultant's Report to the

Reserve Bank and the Commissioner within 5 days of its receipt.

Information Security

2. Within 30 days of receipt of the IT Consultant's Report, Putnam-Greene shall submit to the Reserve Bank and the Commissioner an acceptable written program for

information security for Putnam-Greene and the Subsidiary Banks. The program shall, at a minimum, address, consider, and include:

- (a) An enterprise-wide information security risk assessment, as required by Appendix D-2 to Regulation H of the Board of Governors of the Federal Reserve System (12 C.F.R. Part 208, App. D-2) and Appendix F to Regulation Y of the Board of Governors (12 U.S.C. Part 225, App. F), to enable Putnam-Greene and the Subsidiary Banks to meet all applicable requirements for protecting nonpublic customer information and to assist Putnam-Greene and the Subsidiary Banks in making future appropriate adjustments to their information security safeguards;
- (b) revised current policies, procedures, and controls to address logical information security;
- (c) procedures and controls to strengthen the effectiveness and integrity of the consolidated organization's information security program; and
- (d) the information technology security deficiencies noted in the IT Report of Examination.

Business Continuity

3. Within 90 days of receipt of the IT Consultant's Report, Putnam-Greene shall submit to the Reserve Bank and the Commissioner an acceptable written disaster recovery and business continuity program for Putnam-Greene and the Subsidiary Banks describing the specific actions that will be taken to ensure the prompt resumption of business activity in the event of an emergency that affects information technology systems and operations. The program, at a minimum, shall address, consider, and include:

- (a) A risk assessment;
- (b) the designation of a qualified business continuity officer;
- (c) back-up systems necessary to recover and restore facilities, hardware, software, communications, data files, customer files and services, and other pertinent operations;
- (d) written contracts with service providers and vendors;
- (e) periodic testing;

- (f) annual board of directors' review of the program; and
- (g) the deficiencies noted in the IT Report of Examination related to business continuity and disaster recovery.

Information Technology Audit

4. Within 120 days of receipt of the IT Consultant's Report, Putnam-Greene shall submit to the Reserve Bank and the Commissioner an acceptable written information technology audit program, which at a minimum, shall address, consider, and include:

- (a) The establishment of a board of directors' information technology audit committee (the "IT Audit Committee") and charter delineating the committee's responsibilities;
- (b) the scope and frequency of audits and periodic reports to the IT Audit Committee;
- (c) direct lines of reporting between the auditors and the IT Audit Committee and board of directors;
- (d) the employment or engagement of auditors with requisite experience to conduct information technology audits;
- (e) annual review and approval of the audit program by the IT Audit Committee; and
- (f) the information technology audit deficiencies noted in the IT Report of Examination.

Other Information Technology Improvements

5. Within 180 days of Putnam-Greene's receipt of the IT Consultant's Report, Putnam-Greene shall submit to the Reserve Bank and the Commissioner an acceptable written plan that fully addresses any findings and recommendations in the IT Consultant's Report that are not otherwise addressed in the programs submitted under paragraphs 2, 3, and 4 of this Agreement.

Information Technology Oversight

6. Within 60 days of this Agreement, Putnam-Greene shall establish an information technology steering committee (the "IT Steering Committee") to provide oversight and guidance for the consolidated organization's information technology strategy and operations. The responsibilities of the IT Steering Committee shall include, but not be limited to:

- (a) Review and document in writing the responsibilities of Putnam-Greene and the Subsidiary Banks for the performance, operation, and control of the consolidated organization's information systems;
- (b) establish information technology standards and procedures for the consolidated organization;
- (c) monitor the performance of the consolidated organization's information technology function;
- (d) establish a reporting system and written report formats to monitor the performance and controls of the information technology function;
- (e) review and approve major acquisitions of hardware and software within limits established by the board of directors;
- (f) report periodically to the board of directors on the performance of the consolidated organization's information technology function;
- (g) aid the board of directors to develop a strategic plan to meet the changing information technology needs of the consolidated organization; and
- (h) aid the board of directors to correct the information technology deficiencies noted in the IT Report of Examination.

Management Review

7. (a) Within 10 days of this Agreement, the Bank's board of directors shall retain an independent consultant (the "Management Consultant") acceptable to the Reserve Bank and the Commissioner to conduct a review of the functions and performance of the Bank's officers (the "Management Review") and the staffing needs of the Bank, and prepare a written report of findings and recommendations (the "Management Consultant's Report"). The primary

purpose of the Management Review shall be to aid in the development of a management structure suitable to the Bank's needs that is adequately staffed by qualified and trained personnel. The terms of the contract with the Management Consultant shall require that the Management Review be completed within 45 days of the retention of the Management Consultant and that the Management Consultant's Report be submitted to the Bank's board of directors within 10 days of the completion of the Management Review. The Management Review shall, at a minimum, address, consider, and include:

- (i) The identification of the type and number of officer positions needed to manage and properly supervise the affairs of the Bank;
- (ii) an evaluation of each officer to determine whether the individual possesses the ability, experience, and other qualifications required to competently perform present and anticipated duties, including the ability to provide appropriate oversight of the lending function, to adhere to established policies and procedures of the Bank, to restore and maintain the Bank to a safe and sound condition, and to comply with the requirements of this Agreement;
- (iii) a plan to recruit, hire, or appoint additional or replacement personnel with the requisite ability, experience, and other qualifications required to competently perform their assigned duties, including, but not limited to staffing needs in credit administration, loan review, and collections; and
- (iv) the deficiencies related to management and staffing noted in the report of the examination of the Bank conducted by the Reserve Bank in September 2003 (the "Report of Examination").

(b) The Bank shall forward a copy of the Management Consultant's Report to the Reserve Bank and the Commissioner within 5 days of its receipt.

(c) Within 30 days of the Bank's receipt of the Management Consultant's Report, the Bank shall submit a written management plan to the Reserve Bank and the Commissioner that fully addresses the findings and recommendations in the Management

Consultant's Report and describes the specific actions that the Bank's board of directors proposes to take in order to strengthen the Bank's management.

(d) In appointing any new officers or directors, the Bank shall comply with the notice provisions of section 32 of the FDI Act (12 U.S.C. 1831i) and Subpart H of Regulation Y of the Board of Governors of the Federal Reserve System.

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

Board Oversight

8. Within 60 days of this Agreement, the Bank's board of directors shall submit to the Reserve Bank and the Commissioner a written plan to strengthen board oversight of the management and operations of the Bank. The plan shall, at a minimum, address, consider, and include:

- (a) The actions that the Bank's board of directors will take to improve the Bank's condition and maintain effective control over and supervision of the Bank's senior management and major operations and activities, including, at a minimum:
 - (i) The credit risk management program, including loan underwriting, documentation, grading, and administration;
 - (ii) operational risk, including an independent and effective audit function;
 - (iii) internal control systems and recordkeeping procedures;
 - (iv) training programs for the Bank's board of directors, management, and staff, including, but not limited to ongoing credit administration training; and
 - (v) profitability and the budget process;

- (b) the responsibility of the Bank's board of directors to monitor management's adherence to approved policies and procedures, and applicable laws and regulations;
- (c) the identification and establishment of board of directors and officer committees that are needed to provide guidance and oversight to Bank management;
- (d) a description of the detailed information to be included in the periodic reports that will be reviewed by the board of directors in its oversight of the operations and management of the bank, including information sufficient to assess management's compliance with applicable written plans, policies, procedures, and programs; and
- (e) the deficiencies related to the board of directors' oversight of management noted in the Report of Examination.

Loan Policies and Procedures

9. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner acceptable written loan policies and procedures that shall, at a minimum, address, consider, and include:

- (i) Underwriting standards that require loan officers to assess the financial condition of the borrower, including an analysis of the borrower's repayment capacity, the identification of the sources of repayment, and the value of any supporting collateral;
- (ii) a complete description of required loan documentation and collateral for each specific type of loan, and a requirement for the maintenance of such documentation in the loan files;
- (iii) procedures for renewing, extending, or modifying existing loans, including documentation of the bases for each renewal, extension or modification;
- (iv) procedures for exceptions to the Bank's loan policies, including required documentation by the account officer and approval by the board of directors that the exception to the policies is in the best interest of the Bank;
- (v) compliance with the standards for appraisals set out in the interagency statement on Independent Appraisal and Evaluation Functions, dated October 27, 2003 and the requirements of

Subpart G of Regulation Y of the Board of Governors (12 C.F.R. Part 225, Subpart G), made applicable to state member banks by section 208.50 of Regulation H of the Board of Governors (12 C.F.R. 208.50), and the Board of Governors' Guidelines for Real Estate Appraisal Policies and Review Procedures;

- (vi) controls to ensure uniform adherence to all loan policies and procedures;
- (vii) a description of the detailed information to be provided to the Bank's loan committee and board of directors to assist the directors in making informed decisions on proposed credits; and
- (viii) the deficiencies noted in the Report of Examination.

(b) The Bank shall retain copies of the monthly loan approval packages that were presented to the Bank's loan committee or board of directors for subsequent supervisory review.

(c) The Bank's loan committee and board of directors shall maintain accurate written minutes of their loan discussions and meetings, which shall be available for subsequent supervisory review.

Loan Documentation

10. Within 60 days of this Agreement, the Bank shall take all steps necessary to correct all documentation and credit information deficiencies and loan policy exceptions noted in the Report of Examination, including obtaining accurate and current financial statements and appraisals. During the term of this Agreement, the Bank shall maintain current and complete documentation on all loans consistent with its approved loan policies. In all cases where the Bank is unable to obtain needed documentation or credit information, it shall document the actions taken to secure the information and the reason the information could not be obtained, and shall maintain such documentation in the appropriate file for subsequent supervisory review.

Loan Review

11. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable revised written loan review program that addresses the loan review deficiencies described in the Report of Examination. The revised program shall, at a minimum, address, consider, and include the following:

- (a) The scope and frequency of loan review and grading;
- (b) procedures to confirm the accuracy of all risk grades assigned by the Bank's loan officers; and
- (c) periodic reporting to the Bank's board of directors of the status of the loan reviews and the actions taken by management to improve the Bank's position on each loan adversely graded.

Asset Improvement

12. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written plan designed to improve the Bank's position through repayment, amortization, liquidation, additional collateral or other means on each loan or other asset in excess of \$100,000 that was past due as to principal or interest more than 90 days as of the date of this Agreement, is on the Bank's watch list, or that was adversely classified or listed as special mention in the Report of Examination.

(b) Within 30 days of the date that any additional loan or other asset in excess of \$100,000 becomes past due as to principal and interest for more than 90 days, is adversely classified internally by the Bank, or is adversely classified or listed for special mention in any subsequent report of examination or visitation of the Bank, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written plan to improve the Bank's position on such loan or asset.

(c) The plan for each loan or other asset shall be formally approved by the Bank's loan committee and shall, at a minimum, include:

- (i) The current status of the loan or other asset, including book and nonbook carrying value, and the nature and value of supporting collateral;
- (ii) proposed actions to improve, reduce, or eliminate the loan or other asset, time frames for such actions, projected balance owing, and value of any anticipated additional collateral; and
- (iii) where appropriate, the borrower's acknowledgement of and response to the plan.

(d) Within 30 days of the end of the next calendar quarter following the due date for submission of the initial asset improvement plans, and within 30 days of the end of each calendar quarter thereafter, the Bank shall submit a written progress report to the Reserve Bank and the Commissioner to update the asset improvement plan, which shall include, at a minimum, the carrying value of the loan or other asset, changes in the nature and value of supporting collateral, and a copy of the Bank's current internal watch list, time renewal report, extension report, and past due/non-accrual report.

Accrual Procedures

13. (a) The Bank shall immediately take all steps necessary, consistent with generally accepted accounting principles, to reverse any previously accrued but uncollected interest on any loans that have been placed in non-accrual status, as provided in the Instructions for the Preparation of Reports of Condition and Income.

(b) The Bank shall not accrue interest on any asset that is or becomes 90 days or more past due as to principal or interest, unless such asset is "well-secured" and "in the process of collection" as those terms are used in the Instructions for the Preparation of Reports of Condition and Income.

Allowance for Loan and Lease Losses

14. (a) The Bank shall maintain, through charges to current operating income, an adequate valuation reserve for loan losses. The adequacy of the reserve shall be determined in light of the volume of criticized loans, the current level of past due and nonperforming loans, past loan loss experience, evaluation of the probable losses in the Bank's loan portfolio, including the potential for the existence of unidentified losses in loans adversely classified, the imprecision of loss estimates, the requirements of the Interagency Policy Statements on the Allowance for Loan and Lease Losses, dated December 21, 1993 and July 2, 2001, and examiners' criticisms noted in the Report of Examination.

(b) Within 60 days of this Agreement, the Bank shall submit a description of the reserve methodology to the Reserve Bank and the Commissioner. Thereafter, at a minimum on a calendar quarterly basis, the Bank shall conduct an assessment of its loan loss reserve and, within 30 days of the end of each calendar quarter, shall submit to the Reserve Bank and the Commissioner the quarterly assessment, including the methodology used in determining the amount of loan loss reserve for that quarter. The Bank shall maintain for subsequent supervisory review documentation to support the methodology used for each quarterly assessment.

Audit and Internal Controls

15. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner acceptable written internal audit policies and procedures that shall, at a minimum, address, consider, and include:

- (a) Procedures for the periodic assessment of the adequacy of internal controls and compliance with the Bank's policies, procedures, and applicable laws and regulations for each audit area including, but not limited to, wire transfer, teller operations and loan operations;

- (b) the establishment of an audit schedule to ensure that all areas of the Bank's balance sheet and income and expenses are audited at least yearly;
- (c) procedures for management to review audit reports quarterly, respond in writing to criticisms in the audit report, and implement corrective actions that are responsive to the audit findings; and
- (d) the submission to the board of directors' audit committee of the quarterly audit reports and management responses.

Capital

16. Within 90 days of this Agreement, Putnam-Greene and the Bank shall submit to the Reserve Bank and the Commissioner an acceptable joint written plan to achieve and maintain sufficient capital at the Bank. The plan shall, at a minimum, address, consider, and include the Bank's current and future capital requirements, including:

- (a) Compliance with the Capital Adequacy Guidelines for State Member Banks: Risk-Based Measures and Tier 1 Leverage Measures, Appendices A and B of Regulation H of the Board of Governors (12 C.F.R. Part 208, App. A and B);
- (b) the volume of adversely classified assets;
- (c) the adequacy of the loan loss reserve and loan review program;
- (d) any planned asset growth;
- (e) the anticipated level of retained earnings;
- (f) anticipated and contingent liquidity needs;
- (g) the source and timing of additional funds to fulfill the future capital and loan loss reserves needs of the Bank; and
- (h) the requirements of section 225.4(a) of the Regulation Y of the Board of Governors that the Putnam-Greene serve as a source of strength to the Bank.

Asset/ Liability Management

17. Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner acceptable written asset/liability management policies designed to improve management of the Bank's liquidity and sensitivity to market risk.

- (a) The policy regarding liquidity shall, at a minimum, address, consider, and include: (i) the level of temporary assets; (ii) a maximum level of volatile liabilities; (iii) an

appropriate level of core deposits; (iv) an appropriate level of loans relative to deposits and capital; (v) parameters for off-balance sheet risk; (vi) the number and amount of large deposits; (vii) the Bank's borrowing availability; (viii) appropriate standards for volume, mix and maturity of the Bank's loans, investments, and deposits; and (ix) the recommendations regarding liquidity in the Report of Examination.

(b) The policy regarding sensitivity to market risk shall, at a minimum, address and consider the following parameters for interest rate risk: (i) appropriate guidelines for "GAP" management; (ii) an adequate system to model and control the vulnerability of net interest income to changes in interest rates; and (iii) appropriate parameters governing the economic risk to the Bank's capital due to changes in interest rates.

Investment Policy

18. Within 90 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner an acceptable written investment policy and procedures that shall, at a minimum, address, consider, and include:

- (a) Identification of types of permissible investments;
- (b) identification of desired maturities for each type of permissible investment;
- (c) requirements for credit information and analysis before purchase; and
- (d) procedures for reporting investment activity and policy exceptions to the board of directors.

Dividends

19. (a) Putnam-Greene and the Bank shall not declare or pay any dividends without the prior written approval of the Reserve Bank, the Director of the Division of Banking Supervision and Regulation of the Board of Governors, and the Commissioner.

(b) Putnam-Greene shall not take dividends or any other form of payment representing a reduction in capital from any of the Subsidiary Banks without the prior written approval of the Reserve Bank and the Commissioner.

(c) All requests for prior approval shall be received by the Reserve Bank and the Commissioner at least 30 days prior to the proposed dividend declaration date and shall contain, but not be limited to, current and projected information on consolidated earnings, and cash flow, capital, asset quality, and loan loss reserve needs of the Subsidiary Banks.

Debt and Stock Redemption

20. (a) Putnam-Greene shall not, directly or indirectly, incur any debt without the prior written approval of the Reserve Bank and the Commissioner. 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, the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) Putnam-Greene shall not redeem any stock without the prior written approval of the Reserve Bank and the Commissioner.

Directors' Fees

21. The Bank shall not, directly or indirectly, increase the fees of any of the Bank's directors or make any other payments in excess of \$200, including, but not limited to, the reimbursement of expenses or payment of indebtedness, to or on behalf of any of the Bank's directors without the prior written approval of the Reserve Bank and the Commissioner.

Compliance with Laws and Regulations

22. The Bank shall immediately take all necessary steps consistent with sound banking practices to correct all violations of laws and regulations set forth in the Report of

Examination. In addition, the Bank's board of directors shall take necessary steps to ensure the Bank's future compliance with all applicable laws and regulations.

Strategic Plan and Budget

23. (a) Within 60 days of this Agreement, the Bank shall submit to the Reserve Bank and the Commissioner a written strategic business plan for 2004 for improving the earnings and overall condition of the Bank. The plan, at a minimum, shall provide for or describe:

- (i) The identification of the major areas in and means by which the Bank's board of directors will seek to improve the Bank's operating performance;
- (ii) management, lending, and earnings objectives, appropriate to the Bank's condition, and specific strategies for achieving such objectives;
- (iii) a realistic and comprehensive budget;
- (iv) a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components and provisions needed to establish and maintain an adequate loan loss reserve; and
- (v) a budget review process incorporating the use of pro forma income statements in the analysis of budgeted versus actual income and expenses.

(b) A business plan and budget for each calendar year subsequent to 2004 shall be submitted to the Reserve Bank and the Commissioner at least one month prior to the beginning of that calendar year.

Compliance with Agreement

24. (a) Within 15 days of this Agreement, the boards of directors of Putnam-Greene and the Bank shall appoint a joint committee (the "Compliance Committee") to monitor and coordinate Putnam-Greene's and the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall be comprised of three or more outside directors

who are not executive officers or principal shareholders of Putnam-Greene or the Bank, as defined in sections 215.2(e)(1) and (m) of Regulation O of the Board of Governors (12 C.F.R. 215.2(e)(1) and (m)). At a minimum, the Compliance Committee shall keep detailed minutes of each meeting, and shall report its findings to the boards of directors on a monthly basis.

(b) Within 30 days after the end of each calendar quarter (March 31, June 30, September 30, December 31, and June 30) following the date of this Agreement, the boards of directors of Putnam-Greene and the Bank shall submit to the Reserve Bank and the Commissioner written progress reports detailing the form and manner of all actions taken to secure compliance with this Agreement and the results thereof. Such reports may be discontinued when the corrections required by this Agreement have been accomplished and the Reserve Bank and the Commissioner have, in writing, released Putnam-Greene and the Bank from making further reports.

Approval of Plans, Policies, Procedures, and Programs

25. The written plans, policies, procedures, and programs and the identification of the independent consultants required by paragraphs 1(a), 2, 3, 4, 5, 7(a), 9, 11, 12, 15, 16, 17, and 18 of this Agreement shall be submitted to the Reserve Bank and the Commissioner for review and approval. Acceptable plans, policies, procedures, and programs shall be submitted within the time periods set forth in this Agreement and acceptable independent consultants shall be retained within the time periods set forth in paragraphs 1(a) and 7(a) of this Agreement. Putnam-Greene and the Bank shall adopt all applicable approved plans, policies, procedures, and programs within 10 days of approval by the Reserve Bank and the Commissioner and then shall fully comply with them. During the term of this Agreement, the approved plans, policies, procedures,

and programs shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Commissioner.

Communications

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

- (a) Mr. Marion P. Rivers, III
Assistant Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree Street, N.E.
Atlanta, Georgia 30309-4470
- (b) Mr. David G. Sorrell
State Banking Commissioner
Department of Banking and Finance
2990 Brandywine Road
Suite 200
Atlanta, Georgia 30341
- (c) Mr. L.O. Benton, III
Chairman, President,
and Chief Executive Officer
Putnam-Greene Financial Corporation
P. O. Box 4450
Eatonton, Georgia 31024

Miscellaneous

27. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank and the Commissioner may, in their sole discretion, grant written extensions of time to Putnam-Greene and the Bank to comply with any provision of this Agreement.

28. The provisions of this Agreement shall be binding upon Putnam-Greene, the Bank, and their institution-affiliated parties, in their capacities as such, and their successors and assigns.

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

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

31. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 2 of the FDI Act (12 U.S.C. 1818).

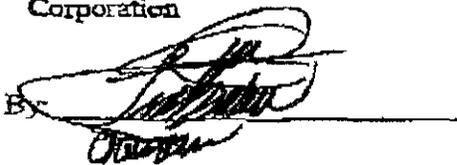
IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of

this ~~15th~~ day of ~~March~~, 2004.

16th

EAR *JPT* 5/10/04

Putnam-Greene Financial Corporation

By: 

Federal Reserve Bank of Atlanta

By: 
Marion P. Rivers, III
Assistant Vice President

The Citizens Bank of Cochran

By: 

Banking Commissioner of the State of Georgia

By: 