

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

In the Matter of

NEIGHBORHOOD COMMUNITY BANK
Newnan, Georgia

Docket No. 09-058-PCA-SM

Prompt Corrective Action
Directive Issued Pursuant to
Section 38 of the Federal Deposit
Insurance Act, as Amended

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) has determined that as of March 31, 2009, Neighborhood Community Bank, Newnan, Georgia (the “Bank”), a state chartered bank that is a member of the Federal Reserve System, was undercapitalized, as defined in section 208.43(b)(3) of Regulation H of the Board of Governors (12 C.F.R. § 208.43(b)(3)), for purposes of section 38 of the Federal Deposit Insurance Act, as amended (the “FDI Act”) (12 U.S.C. § 1831*o*);

WHEREAS, the Bank has submitted to the Board of Governors a capital restoration plan that was not acceptable, contrary to the requirements of section 38(c)(2) of the FDI Act and therefore, pursuant to section 38(f)(1)(B) of the FDI Act, the Bank is subject to all of the provisions of section 38 of the FDI Act and Subpart D of Regulation H of the Board of Governors (12 U.S.C. §§ 208.40 *et seq.*) that are applicable to significantly undercapitalized institutions;

WHEREAS, the actions in this Prompt Corrective Action Directive (the “Directive”) are necessary to carry out the purposes of section 38 of the FDI Act; and

WHEREAS, on May 14, 2009, the board of directors of the Bank, at a duly constituted meeting, adopted a resolution authorizing and directing James Van S. Mottola, to enter into this Directive on behalf of the Bank, and consenting to compliance with each and every provision of this Directive by the Bank and its institution-affiliated parties, as defined in section 3(u) of the FDI Act (12 U.S.C. § 1813(u)).

NOW THEREFORE, pursuant to section 38 of the FDI Act and section 208.45 of Regulation H of the Board of Governors (12 C.F.R. § 208.45), the Board of Governors immediately directs that:

1. The Bank shall no later than 30 days from the effective date of this Directive (or such additional time as the Board of Governors may permit), in conjunction with the Bank's parent bank holding company, Newnan Coweta Bancshares, Inc., Newnan, Georgia:

(a) Increase the Bank's equity through the sale of shares or contributions to surplus in an amount sufficient to make the Bank adequately capitalized as defined in section 208.43(b)(2) of Regulation H of the Board of Governors (12 C.F.R. § 208.43(b)(2));

(b) enter into and close a contract to be acquired by a depository institution holding company or combine with another insured depository institution, closing under which contract is conditioned only on the receipt of necessary regulatory approvals, the continued accuracy of customary representations and warranties, and the performance of customary pre-closing covenants; or

(c) take other necessary measures to make the Bank adequately capitalized.

2. The Bank shall comply fully with the provisions of section 38(d)(1) of the FDI Act (12 U.S.C. § 1831o(d)(1)) restricting the making of any capital distributions, including, but not limited to, the payment of dividends.

3. The Bank shall not, without the prior written approval of the Federal Reserve Bank of Atlanta (the “Reserve Bank”) and the fulfillment of one of the requirements set forth in paragraph 1, accept, renew, or rollover deposits bearing an interest rate that exceeds the prevailing effective yields on insured deposits of comparable maturity in the Bank’s market area.

4. The Bank shall maintain an adequate allowance for loan and lease losses. The Bank shall not, without the prior written approval of the Reserve Bank, reverse provision expenses.

5. (a) The Bank shall comply fully with the provisions of section 38(f)(2)(B)(i) of the FDI Act (12 U.S.C. § 1831o(f)(2)(B)(i)) requiring that all transactions between the Bank and any affiliate comply with section 23A of the Federal Reserve Act (12 U.S.C. § 371c).

(b) For the purposes of this Directive, the terms (i) “transaction” shall include, but not be limited to, the transfer, sale or purchase of any asset, including cash, or the direct or indirect payment of any expense or obligation of, the payment of a management or service fee of any nature to, or any extension of credit to an affiliate; (ii) “extension of credit” shall be defined as set forth in section 215.3 of Regulation O of the Board of Governors (12 C.F.R. § 215.3); and (iii) “affiliate” shall be defined as set forth in subparagraph (b)(1) of section 23A of the Federal Reserve Act (12 U.S.C. § 371c(b)(1)) and section 223.2 of Regulation W of the Board of Governors (12 C.F.R. § 223.2).

6. The Bank shall comply fully with the provisions of sections 38(f)(4)(A)(i) and (ii) of the FDI Act (12 U.S.C. §§ 1831o(f)(4)(A)(i) and (ii)) restricting the payment of bonuses to senior executive officers and increases in compensation of such officers.

7. The Bank shall comply fully with the provisions of sections 38(e)(3) and (4) of the FDI Act (12 U.S.C. §§ 1831o(e)(3) and (4)) restricting asset growth, acquisitions, branching, and new lines of business.

8. Thirty days after the date of this Directive and monthly thereafter, the Bank shall submit to the Reserve Bank written progress reports detailing the steps taken to comply with this Directive.

9. All communications regarding this Directive shall be sent to:

(a) Mr. Robert D. Hawkins
Vice President
Federal Reserve Bank of Atlanta
1000 Peachtree St., N.E.
Atlanta, Georgia 30309-4470

(b) Mr. James Mottola
Chairman
Neighborhood Community Bank
P.O. Box 71699
Newnan, Georgia 30271

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

11. The provisions of this Directive shall be binding upon the Bank and its institution-affiliated parties, in their capacities as such, and their successors and assigns.

12. Each provision of this Directive shall remain effective and enforceable until stayed, modified, terminated or suspended in writing by the Board of Governors.

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

14. (a) The Directive does not supersede the Written Agreement by and among the Bank, the Reserve Bank, and the Banking Commissioner of the State of Georgia, dated September 2, 2008.

(b) Notwithstanding any provision of this Directive, the Bank shall comply with any other supervisory action issued by the Board of Governors, the Reserve Bank, or the Banking Commissioner of the State of Georgia.

15. As set forth in section 263.205 of the Board of Governors' Rules of Practice for Hearings (12 C.F.R. § 263.205), this Directive is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

By order of the Board of Governors of the Federal Reserve System, effective this 27th day of May, 2009.

NEIGHBORHOOD COMMUNITY BANK

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM

By: /s/James Van S. Mottola
James Van S. Mottola
Chairman

By: /s/Margaret M. Shanks
Margaret M. Shanks
Associate Secretary