

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

Docket No. 09-198-WA/RB-HC

COMMUNITY FINANCIAL HOLDING  
COMPANY, INC.  
Duluth, Georgia

FEDERAL RESERVE BANK OF ATLANTA  
Atlanta, Georgia

and

BANKING COMMISSIONER OF THE  
STATE OF GEORGIA  
Atlanta, Georgia

WHEREAS, Community Financial Holding Company, Inc., Duluth, Georgia (“Community Financial”), a registered bank holding company, owns and controls Gwinnett Community Bank, Duluth, Georgia (“Bank”), a state chartered nonmember bank, and two nonbank subsidiaries;

WHEREAS, it is the common goal of Community Financial, the Federal Reserve Bank of Atlanta (the “Reserve Bank”), and the Banking Commissioner of the State of Georgia (the “Commissioner”) to maintain the financial soundness of Community Financial so that Community Financial may serve as a source of strength to the Bank;

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

WHEREAS, on December 17, 2009, the board of directors of Community Financial, at a duly constituted meeting, adopted a resolution authorizing and directing Thomas J. Martin to enter into this Agreement on behalf of Community Financial, and consenting to compliance with each and every provision of this Agreement by Community Financial 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, Community Financial, the Reserve Bank, and the Commissioner agree as follows:

**Dividends and Distributions**

1. (a) Community Financial 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 (the “Director”) of the Board of Governors of the Federal Reserve System (the “Board of Governors”), and the Commissioner.

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

(c) Community Financial and the nonbank subsidiaries 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, the Director, and the Commissioner.

(d) 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, 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 Community Financial's capital, earnings, and cash flow; the Bank's capital, asset quality, earnings, and allowance for loan and lease losses ("ALLL"); and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay dividends, Community Financial 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**

2. (a) Community Financial and the nonbank subsidiaries shall not, directly or indirectly, incur, increase, or guarantee 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) Community Financial shall not, directly or indirectly, purchase or redeem any shares of its stock without the prior written approval of the Reserve Bank and the Commissioner.

## **Capital Plan**

3. Within 60 days of this Agreement, Community Financial shall submit to the Reserve Bank and the Commissioner an acceptable written plan to maintain sufficient capital at Community Financial on a consolidated basis, and at the Bank, as a separate legal entity on a stand-alone basis. The plan shall, at a minimum, address, consider, and include:

(a) The consolidated organization's and the Bank's current and future capital requirements, including compliance with the Capital Adequacy Guidelines for Bank Holding Companies: Risk-Based Measure and Tier 1 Leverage Measure, Appendices A and D of Regulation Y of the Board of Governors (12 C.F.R. Part 225, App. A and D) and the applicable capital adequacy guidelines for the Bank issued by the Bank's federal regulator;

(b) the adequacy of the Bank's capital, taking into account the volume of classified credits, concentrations of credit, ALLL, current and projected asset growth, and projected retained earnings;

(c) the source and timing of additional funds necessary to fulfill the consolidated organization's and the Bank's future capital requirements;

(d) supervisory requests for additional capital at the Bank or the requirements of any supervisory action imposed on the Bank by its federal or state regulator; and

(e) the requirements of section 225.4(a) of Regulation Y of the Board of Governors (12 C.F.R. § 225.4(a)) that Community Financial serve as a source of strength to the Bank.

4. Community Financial shall notify the Reserve Bank and the Commissioner, in writing, no more than 30 days after the end of any quarter in which the consolidated organization's or the Bank's capital ratio (total risk-based, Tier 1, or leverage) falls below the plan's minimums. Together with the notification, Community Financial shall submit an acceptable capital plan that details the steps Community Financial will take to increase the consolidated organization's or the Bank's capital ratios to or above the plan's minimums.

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

5. (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, Community Financial 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 (12 C.F.R. §§ 225.71 *et seq.*).

(b) Community Financial 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**

6. Within 30 days after the end of each calendar quarter following the date of this Agreement, the board of directors 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 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**

7. All communications regarding this Agreement shall be sent to:
  - (a) Mr. Robert D. Hawkins  
Assistant Vice President  
Federal Reserve Bank of Atlanta  
1000 Peachtree Street, N.E.  
Atlanta, Georgia 30349-4470
  - (b) Mr. Robert Braswell  
Commissioner  
Georgia Department of Banking and Finance  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341
  - (c) Mr. Thomas J. Martin  
Chairman & Chief Executive Officer  
Community Financial Holding Company, Inc.  
2775 Buford Highway  
Duluth, Georgia 30096

## **Miscellaneous**

8. Notwithstanding any provision of this Agreement, the Reserve Bank and the Commissioner may, in their sole discretion, grant written extensions of time to Community Financial to comply with any provision of this Agreement.
9. The provisions of this Agreement shall be binding upon Community Financial and its institution-affiliated parties, in their capacities as such, and their successors and assigns.
10. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank and the Commissioner.
11. 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 Community Financial, the Bank, the nonbank subsidiaries, or any of their current or former institution-affiliated parties and their successors and assigns.

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 7<sup>th</sup> the day of January, 2010.

COMMUNITY FINANCIAL HOLDING,  
INC.

FEDERAL RESERVE BANK OF  
ATLANTA

By: /s/ Thomas J. Martin  
Thomas J. Martin  
Chairman and Chief Executive Officer

By: /s/ Robert D. Hawkins  
Robert D. Hawkins  
Assistant Vice President

GEORGIA DEPARTMENT OF BANKING  
AND FINANCE

By: /s/ Robert M. Braswell  
Robert M. Braswell  
Commissioner