FDIC CAPITAL ASSISTANCE PLAN

This Capital Assistance Plan incorporates only those powers provided to the FDIC under Section 13(i) of the Federal Deposit Insurance Act (Title II of the Garn-St Germain Depository Institutions Act of 1982).

QUALIFIED INSTITUTIONS

All "qualified institutions" as that term is used in Section 13(i) of the Federal Deposit Insurance Act may request assistance under this plan. "Institutions the deposits of which are . . . insured or guaranteed under state law" will be interpreted to cover only those depository institutions that normally would be eligible for FDIC insurance.

To qualify for assistance each institution must:

-- have net worth equal to or less than 3 percent of its assets;

-- have incurred losses during each of the two previous quarters;

-- have not incurred such losses as a result of transactions involving mismanagement (including speculation in futures or forward contracts, management actions designed solely for the purpose of qualifying for assistance, or excessive operating expenses);

-- have net worth of not less than one-half of one percent of assets after the granting of assistance;

-- have investments in residential mortgages or securities backed by such mortgages aggregating at least 20 percent of its loans (including securities backed by residential mortgages); and

-- agree to the conditions set forth below.

AVAILABLE ASSISTANCE

At the request of any qualified institution, the Corporation will, after consultation with any State or Federal Supervisors, purchase the institution's capital instruments to be known as Net Worth Certificates. The initial request for assistance under this plan, if approved, will last for one year. Requests to continue receiving assistance past the first twelve months must be made annually and be approved by the Corporation. Outstanding Net Worth Certificates issued by any institution that fails to requalify for assistance past the initial twelve-month period will remain outstanding until such time as they are retired. In no case will the FDIC purchase Net Worth Certificates after October 15, 1985. Purchases of Net Worth Certificates will be made semi-annually for a period of one year, as follows:

-- with respect to a qualified institution having net worth as of the end of the prior calendar quarter greater than two (2) percent and less than or equal to three (3) percent of assets, the Corporation will purchase Net Worth Certificates equal to the lesser of 50 percent of its net operating losses during the prior two calendar quarters or the amount by which the sum of surplus and Net Worth Certificates falls below three (3) percent of assets before the granting of assistance;

-- with respect to a qualified institution having net worth as of the end of the prior calendar quarter greater than one (1) percent and less than or equal to two (2) percent of the assets, the Corporation will purchase Net Worth Certificates equal to the lesser of 60 percent of its net operating losses during the prior two calendar quarters or the amount by which the sum of surplus and Net Worth Certificates falls below three (3) percent of assets before the granting of assistance;

-- with respect to a qualified institution having net worth as of the end of the prior calendar quarter greater than zero and less than or equal to one (1) percent of assets, the Corporation will purchase Net Worth Certificates equal the lesser of 70 percent of its net operating losses during the prior two calendar quarters or the amount which the sum of surplus and Net Worth Certificates falls below three (3) percent of assets before the granting of assi[illegible]

Net operating losses shall include all revenue and expenses accrued during the period by a participating institution with the exception of securities gains and losses and other below the line (extraordinary) items. Additionally, the FDIC will not consider gains or losses from the sale of assets not sold in the ordinary course of business as a component of net operating losses. In all other instances, net operating losses shall have the same meaning as income (losses) before net realized gains or losses as used in FDIC's Instructions for the Preparation of the Report of Income (Form 8040/51) by Insured Mutual Savings Banks (or Form 8040/02 by Insured Commercial Banks). Any disagreements as to what constitutes a sale in the ordinary course of business or any other components of the income statement or balance sheet will be resolved by the FDIC in its sole discretion.

As consideration for the purchase of a qualified institution's Net Worth Certificates, the Corporation will issue its non-negotiable, floating-rate promissory notes of equal principal value. Both the FDIC's promissory notes and the qualified institution's Net Worth Certificates will pay interest quarterly at a rate tied to the average equivalent coupon-issue yield on the U.S. Treasury's 52-Week Bill auction held immediately prior to the beginning of a calendar quarter plus one-half of one percent (0.5%).

Net Worth Certificates will remain outstanding until such time as the qualified institution has attained profitable operations. Repayment of principal will be required in an amount equal to one-third of net operating income. If any Net Worth Certificate remains outstanding seven years after issuance, the Corporation will have the right to require any qualified institution to repay all, or any portion, of its Net Worth Certificates then outstanding upon three months' notification.

CONDITIONS

The initial and all subsequent annual requests for FDIC capital assistance must be accompanied by a comprehensive business plan covering:

-- strategic plans and objectives;

-- lending and investment policies, including pricing strategies;

-- liability acquisition and funding plans;

-- plans and strategies for managing liquidity positions and rate sensitivity gaps;

-- expense reduction plans including:
a. board of trustees or directors;
b. senior management;
c. other employees;
d. other overhead expenses; and
e. capital expenditures;

-- plans and strategies to generate fee based income; and

-- financial information consisting of statements of condition and income for the last full calendar year and year-to-date, including details on overhead expenses, two-year budget projections of income and expenses, and pro-forma financial statements for the same period.

Before the FDIC will purchase any Net Worth Certificates, each qualified institution must have met or agree to meet the following conditions:

-- any supervisory action under Section 8 of the FDI Act must be resolved;

-- all employment contracts with senior management with terms greater than twelve months must be rescinded and no new contracts of greater duration may be entered into without consent of the FDIC;

-- all severance payment plans or contracts calling for the payment of more than six months' salary must be rescinded and no new plans or contracts calling for payments in excess of this amount may be entered into without consent of the FDIC;

-- an independent public accountant will perform an annual full scope audit with copies of all reports provided to the FDIC on a timely basis;

-- the bank will agree to convert to a different charter form and/or stock form if and when requested by the FDIC (the FDIC anticipates utilizing this authority only to facilitate a transaction intended to resolve the institution's underlying problems);

-- the bank will not convert to stock form, change its charter, merge or otherwise change the nature of its business or ownership without the prior approval of the FDIC;

-- the bank will in good faith consider all reasonable merger opportunities as a means of improving operating efficiencies;

-- the bank will file within 30 days after the end of all calendar quarters Reports of Income (Form 8040/51 or, if applicable, Form 8040/02) with attached schedules explaining all significant deviations from the bank's projections submitted with its annual business plan; and

-- state-insured qualified institutions, in addition to the above conditions, must:

a. comply prospectively with the provisions of Regulation Q;
b. provide the FDIC with copies of all State examination reports;
c. permit the FDIC to perform its own independent examinations; and
d. arrange for its State insurance fund to enter into an indemnity satisfactory to the FDIC secured by fully marketable securities at least equal in value, at all times, to 100 percent of the Net Worth Certificates purchased plus any accrued interest thereon.