

OFFICE OF THRIFT SUPERVISION

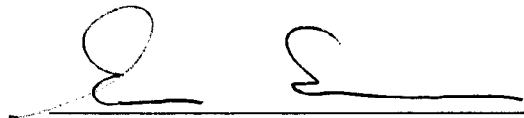
Order No.: 2001-22
Date: March 28, 2001

Pursuant to the authority granted to me in 12 CFR 500.30(a), and in consideration of the memo by Regional Director John E. Ryan (Capital Requirements for Lot Loans, dated December 21, 2000), I hereby find that there is good cause to waive the applicability of the capital deduction required by 12 CFR 567.5(c)(2)(iii) and referred to in 12 CFR 567.6(a)(1)(iv)(G) to First South Bank (OTS Docket No. 8463) in the circumstance described below:

This waiver applies only to residential lot loans made to individual, non-business-entity borrowers. For any individual borrower, this waiver applies only to a single loan secured by one residential lot. In lieu of the ordinary capital deduction for the loan amount over 80% loan-to-value, First South Bank must hold risk-based capital of 100% risk weight against its entire recorded investment in these loans.

First South Bank must also comply with the limitations and restrictions set forth in the Real Estate Lending Standards (12 C.F.R. part 560.101 including its appendix). This waiver is not to be construed in any way to conflict with or supercede the requirements of the Real Estate Lending Standards.

I authorize the Regional Director of the OTS Southeast Region to rescind this waiver and reapply the capital deduction requirement if: (1) First South Bank's risk profile deteriorates; or (2) the Regional Director determines that there is other good cause to rescind the waiver.



Ellen Seidman
Director