

H29353

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February 25, 2000

By Hand Delivery

Florida Department of State
Division of Corporations
409 East Gaines Street
Tallahassee, Florida 32399

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-02/29/00--01023--001
*****70.00 *****70.00

Re: Tarpon Financial Corporation into Community National Bancorporation

Ladies and Gentlemen:

Attached for filing please find two executed originals of Articles of Merger for the above-referenced companies, together with our law firm check in the amount of \$70 in payment of the filing fee therefor. Please return evidence of such filing with the person who delivers this letter.

Please do not hesitate to call me with any questions or comments.

Very truly yours,

Charles V. O'Boyle, Jr.
Charles V. O'Boyle, Jr.

Attachments

FILED
00 FEB 28 PM 5:08
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

RECEIVED
00 FEB 28 PM 5:00
DEPARTMENT OF STATE
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

2/29/00
merger
sf

Call when ready
222-7000
Wayne Rubines

ARTICLES OF MERGER
Merger Sheet

MERGING:

TARPON FINANCIAL CORPORATION, a FL corp., H29353

INTO

COMMUNITY NATIONAL BANCORPORATION, a Georgia corporation not
qualified in Florida.

File date: February 28, 2000

Corporate Specialist: Susan Payne

ARTICLES OF MERGER
OF
TARPON FINANCIAL CORPORATION
INTO
COMMUNITY NATIONAL BANCORPORATION

FILED
00 FEB 28 PM 5:08
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Sections 607.1101, 607.1103, 607.1105 and 607.1107 of the Florida Business Corporation Act (the "Florida Act"), TARPON FINANCIAL CORPORATION, a Florida corporation ("Tarpon") and COMMUNITY NATIONAL BANCORPORATION, a Georgia corporation ("Community"), adopt the following Articles of Merger to be filed with the Florida Secretary of State:

1. When the merger becomes effective, the Tarpon shares shall become the property of Community and the former holders of the Tarpon shares shall be entitled only to the right to receive cash and/or Community shares, in such combination as provided in the Agreement and Plan of Merger, subject to the rights of dissent prescribed by law (the "Merger").
2. The Agreement and Plan of Merger, effective October 8, 1999, by and between Tarpon and Community, together with all amendments thereto (the "Merger Agreement"), is set forth as Exhibit A hereto and is made a part hereof.
3. The Merger Agreement was duly adopted by the affirmative vote of the holders of a majority of the Tarpon shares at a special meeting on February 24, 2000. Community's Board of Directors duly approved the Merger Agreement by on September 29, 1999. Shareholder approval was not required.
4. The Merger shall be effective upon the filing of these Articles of Merger with the Florida Secretary of State and the filing of a Certificate of Merger with the Georgia Secretary of State.
5. The address of Community's principal office is 561 East Washington Avenue, Ashburn, Georgia 31714.
6. Effective upon the effectiveness of the merger, Community hereby appoints the Florida Secretary of State as its agent for service of process in a proceeding to enforce any obligation or the rights of dissenting shareholders of Tarpon, and agrees to pay promptly the dissenting shareholders of Tarpon the amount, if any, to which they are entitled under Section 607.1302 of the Florida Act.

IN WITNESS WHEREOF, the undersigned corporations have caused these Articles of Merger to be executed and delivered by their authorized officers on this 24th day of February, 2000.

TARPON FINANCIAL CORPORATION

COMMUNITY NATIONAL
BANCORPORATION

By:

Mary Z. Smitzes
Mary Z. Smitzes
President

By:

T. Brinson Brock, Sr.
T. Brinson Brock, Sr.
President

EXHIBIT “A”

AGREEMENT AND PLAN OF MERGER
OF
COMMUNITY NATIONAL BANCORPORATION
AND
TARPON FINANCIAL CORPORATION

ARTICLE I
THE MERGER

Section 1.1	Merger.....	2
Section 1.2	Effect of Merger.....	2
Section 1.3	Directors and Officers.....	3

ARTICLE II
CONVERSION OF SHARES

Section 2.1	Manner of Conversion	3
Section 2.2	Effectuating Conversion	4
Section 2.3	Laws of Escheat	6

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF TARPON

Section 3.1	Corporate Organization.....	6
Section 3.2	Capitalization	7
Section 3.3	Financial Statements; Filings.....	8
Section 3.4	Loan Portfolio	9
Section 3.5	Certain Loans and Related Matters.....	10
Section 3.6	Authority; No Violation.....	10
Section 3.7	Consents and Approvals	11
Section 3.8	Broker' s Fees	11
Section 3.9	Absence of Certain Changes or Events.....	11
Section 3.10	Legal Proceedings.....	11
Section 3.11	Taxes and Tax Returns.....	12
Section 3.12	Employee Benefit Plans	13
Section 3.13	Title and Related Matters.....	14
Section 3.14	Real Estate	14
Section 3.15	Environmental Matters.....	15
Section 3.16	Commitments and Contracts.....	16
Section 3.17	Regulatory Matters.....	16
Section 3.18	State Takeover Laws.....	16
Section 3.19	Insurance	16
Section 3.20	Labor	17
Section 3.21	Compliance with Laws	18
Section 3.22	Transactions with Management	18
Section 3.23	The S-4/Proxy	19
Section 3.24	Deposit Insurance.....	19
Section 3.25	Untrue Statements and Omissions	19

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF
COMMUNITY

Section 4.1	Organization and Related Matters of Community	19
Section 4.2	Capitalization	20
Section 4.3	Authorization	20
Section 4.4	Financial Statements	20
Section 4.5	Absence of Certain Changes or Events.....	21
Section 4.6	Legal Proceedings.....	21
Section 4.7	Insurance.....	21
Section 4.8	Consents and Approvals	22
Section 4.9	Regulatory Matters.....	22
Section 4.10	Proxy Materials.....	22
Section 4.11	No Broker's or Finder's Fees.....	22
Section 4.12	Community Shares to be Delivered	22
Section 4.13	Untrue Statements and Omissions	22

ARTICLE V
COVENANTS AND AGREEMENTS

Section 5.1	Conduct of the Business of Tarpon.....	23
Section 5.2	Current Information	24
Section 5.3	Access to Properties; Personnel and Records	25
Section 5.4	Approval of Tarpon Shareholders.....	26
Section 5.5	No Other Bids	26
Section 5.6	Deadlines.....	26
Section 5.7	Maintenance of Properties	26
Section 5.8	Environmental Audits	26
Section 5.9	Title Insurance	26
Section 5.10	Surveys.....	27
Section 5.11	Compliance Matters	27
Section 5.12	Exemption Under Anti-Takeover Statutes.....	27
Section 5.13	Building Inspection.....	27

ARTICLE VI
ADDITIONAL COVENANTS AND AGREEMENTS

Section 6.1	Best Efforts; Cooperation	27
Section 6.2	Regulatory Matters.....	28
Section 6.3	Other Matters	28

Section 6.4	Indemnification	29
Section 6.5	Current Information	29
Section 6.6	Consideration	29

ARTICLE VII

MUTUAL CONDITIONS TO CLOSING

Section 7.1	Shareholder Approval	29
Section 7.2	Regulatory Approvals	29
Section 7.3	Litigation.....	29

ARTICLE VIII

CONDITIONS TO THE OBLIGATIONS OF TARPON

Section 8.1	Representations and Warranties.....	30
Section 8.2	Performance of Obligations and Settlement of Litigation	30
Section 8.3	Certificate Representing Satisfaction of Conditions.....	30
Section 8.4	Absence of Adverse Facts.....	30
Section 8.5	Opinion of Counsel	31
Section 8.6	Consents Under Agreements.....	31
Section 8.7	Material Condition	31
Section 8.8	Matters Relating to Employment Agreements.....	31
Section 8.9	Resignation of Officers and Directors	31
Section 8.10	Outstanding Shares of Tarpon	31
Section 8.11	Dissenters.....	32

ARTICLE IX

CONDITIONS TO OBLIGATIONS OF COMMUNITY

Section 9.1	Representations and Warranties.....	32
Section 9.2	Performance of Obligations	32
Section 9.3	Certificate Representing Satisfaction of Conditions.....	32
Section 9.4	Absence of Adverse Facts.....	32
Section 9.5	Consents Under Agreements.....	32

ARTICLE X

TERMINATION, WAIVER AND AMENDMENT

Section 10.1	Termination.....	33
Section 10.2	Effect of Termination.....	34

Section 10.3	Effect of Wrongful Termination	34
Section 10.4	Amendments	34
Section 10.5	Waivers	34
Section 10.6	Non-Survival of Representations and Warranties.....	34
Section 10.7	Effect of Breach of Warranties	35

ARTICLE XI

MISCELLANEOUS

Section 11.1	Entire Agreement.....	35
Section 11.2	Notices	35
Section 11.3	Severability	36
Section 11.4	Costs and Expenses.....	36
Section 11.5	Captions	37
Section 11.6	Counterparts	37
Section 11.7	Governing Law	37
Section 11.8	Persons Bound; No Assignment	37
Section 11.9	Exhibits and Schedules	37
Section 11.10	Waiver.....	37
Section 11.11	Construction of Terms	37

AGREEMENT AND PLAN OF MERGER
OF
COMMUNITY NATIONAL BANCORPORATION
AND
TARPON FINANCIAL CORPORATION

This AGREEMENT AND PLAN OF MERGER, dated as of the eighth day of October 1999 (this "Agreement"), is by and between Community National Bancorporation, a Georgia corporation and a bank holding company ("Community") and Tarpon Financial Corporation, a Florida corporation and a bank holding company ("Tarpon").

WITNESSETH THAT:

WHEREAS, the respective Boards of Directors of Community and Tarpon deem it in the best interests of Community and Tarpon, respectively, and of their respective shareholders, that Community acquire all of the issued and outstanding capital stock of Tarpon in a statutory merger qualifying as a tax-free reorganization under Section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended (the "Code"), and pursuant to this Agreement (the "Merger");

WHEREAS, the Boards of Directors of Community and Tarpon have approved this Agreement and the Board of Directors of Tarpon has directed that this Agreement be submitted to its shareholders for approval and adoption in accordance with the laws of the State of Florida;

WHEREAS, Community will deliver, or cause to be delivered, to the shareholders of Tarpon the consideration to be paid pursuant to the Merger in accordance with the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants, representations, warranties and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree that, in accordance with the applicable laws of the states of Florida and Georgia, the method, terms and conditions of the Merger and the mode of carrying such Merger into effect are and shall be as follows:

ARTICLE I

THE MERGER

Section 1.1 Merger. Subject to the terms and conditions of this Agreement, Tarpon shall be merged with and into Community pursuant to the Florida Business Corporation Act (the "Florida Act") and the Georgia Business Corporation Code (the "Georgia Code"), and Community shall be the "Surviving Corporation."

Section 1.2 Effect of Merger.

(a) The "Effective Time of the Merger" shall occur at the time at which Articles of Merger are filed with both the Florida and Georgia Secretaries of State and as soon as practicable (but not more than 10 business days) following the later to occur of (i) the effective date (including expiration of any applicable waiting period) of the last required Consent (as defined below) of any Regulatory Authority (as defined below) having authority over the transactions contemplated under this Agreement and (ii) the date on which the shareholders of Tarpon approve the transactions contemplated by this Agreement. As used in this Agreement, "Consent" shall mean a consent, approval or authorization, waiver, clearance, making effective, exemption or similar affirmation by any person pursuant to any contract, permit, law, regulation or order, and "Regulatory Authorities" shall mean, collectively, the Federal Trade Commission (the "FTC"), the United States Department of Justice (the "Justice Department"), the Board of Governors of the Federal Reserve System (the "FRB"), the Office of the Comptroller of the Currency (the "OCC"), the Federal Deposit Insurance Corporation (the "FDIC"), any state regulatory agencies having jurisdiction over the parties, the National Association of Securities Dealers, Inc. (NASDAQ) and the Securities and Exchange Commission (the "SEC").

(b) At the Effective Time of the Merger:

(i) The Articles of Incorporation of Community in effect immediately prior to the Merger shall become and be the Articles of Incorporation of the Surviving Corporation, and the Bylaws of Community in effect immediately prior to the Merger shall become and be the Bylaws of the Surviving Corporation.

(ii) Tarpon shall be merged with and into Community and the separate corporate existence of Tarpon shall cease. The Surviving Corporation will be deemed to be the same corporation as each of the Community and Tarpon. The Surviving Corporation shall have all rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of a corporation organized under the laws of the State of Georgia and shall thereupon and thereafter possess all of the privileges and immunities and franchises, of a private as well as of a public nature, of each of the constituent corporations. All property (real, personal and mixed) and all debts on whatever account, including subscriptions to shares, all choses in action, rights to marks and every other interest of or belonging to or due to each of the constituent corporations so merged shall be taken and deemed to be transferred to and vested in the Surviving

Corporation without further act or deed. The title to any real estate, or any interest therein, vested in any of the constituent corporations shall not revert or be any way impaired by reason of the Merger. Except as otherwise provided in this Agreement, the Surviving Corporation shall thenceforth be responsible and liable for all the liabilities and obligations of each of the constituent corporations so merged and any claim existing or action or proceeding pending by or against either of the constituent corporations may be prosecuted as if the Merger had not taken place or the Surviving Corporation may be substituted in the place of either of the constituent corporations. Neither the rights of creditors nor any liens upon the property of any constituent corporation shall be impaired by the Merger.

(c) The closing of the Merger (the "Closing") shall take place at the principal offices of Tarpon at 10:00 a.m. local time on the day that the Effective Time of the Merger occurs, or such other date and time and place as the parties hereto may agree (the "Closing Date"). subject to the provisions of this Agreement, at the Closing there shall be delivered to each of the parties hereto the opinions, certificates and other documents and instruments required to be so delivered pursuant to this Agreement.

Section 1.3 Directors and Officers. From and after the Effective Time of the Merger, the directors of Community immediately prior to the Effective Time of the Merger shall become and be the directors of the Surviving Corporation from and after the Effective Time of the Merger, and the officers of Community immediately prior to the Effective Time of the Merger shall become and be the officers of the Surviving Corporation.

ARTICLE II

CONVERSION OF SHARES

Section 2.1 Manner of Conversion. Subject to the provisions hereof, as of the Effective Time of the Merger and by virtue of the Merger and without any action on the part of any holder of any shares of Common Stock of Tarpon, par value \$0.10 per share ("Tarpon Shares," or, singly, a "Tarpon Share"):

(a) All Tarpon Shares which are held by Tarpon as treasury stock, if any, shall be cancelled and retired and no consideration shall be paid or delivered in exchange therefor.

(b) Subject to the terms and conditions of this Agreement, and except with regard to Dissenting Tarpon Shares (as hereinafter defined), each Tarpon Share outstanding immediately prior to the Effective Time of the Merger shall be cancelled and converted into the right to receive at the election of the holder of such share: (i) \$24.00 in cash or (ii) 1.60 shares of Community Common Stock, no par value ("Community Shares") (singly or in combination hereinafter referred to as the "Consideration"); provided, that except with respect to Dissenting Tarpon Shares, in no event shall the total Consideration received by any holder of Tarpon Shares for his or her Tarpon Shares consist of Community Shares to the extent of less than sixty percent (60%) of such Consideration. By way of example, subject to the terms and provisions of this

Agreement, a shareholder of Tarpon owning 1,000 Tarpon Shares would receive Consideration as follows:

(i) 1,600 (1.6 X 1,000) Community Shares and no cash, if he/she elects to receive only Community Shares and no cash,

(ii) 1,280 (1.6 X .8 X 1,000) Community Shares and \$4,800 in cash, if he/she elects to receive 80% of the Consideration in Community Shares and 20% in cash; and

(iii) 960 (1.6 X .6 X 1,000) Community Shares and \$9,600 in cash, if he/she elects to receive the minimum 60% of the Consideration in Community Shares and 40% in cash.

All outstanding certificates representing Tarpon Shares shall thereafter represent solely the right to receive the Consideration.

(c) Each outstanding Tarpon Share, the holder of which has demanded and perfected his demand for payment of the "fair or appraised" value of such share in accordance with Sections 607.1301 through 607.1320 of the Florida Code (the "Dissent Provisions"), to the extent applicable, and has not effectively withdrawn or lost such holder's right to such appraisal (the "Dissenting Tarpon Shares"), shall not be converted into or represent a right to receive the Consideration payable in the Merger but the holder thereof shall be entitled only to such rights as are granted by the Dissent Provisions. Tarpon shall give Community prompt notice upon receipt by Tarpon of any written objection to the Merger and any written demands for payment of the fair or appraised value of Tarpon Shares, and of withdrawals of such demands, and any other instruments provided to Tarpon pursuant to the Dissent Provisions (any shareholder duly making such demand being hereinafter called a "Dissenting Shareholder"). Each Dissenting Shareholder who becomes entitled, pursuant to the Dissent Provisions, to payment of fair value for any Tarpon Shares held by such Dissenting Shareholder shall receive payment therefor from Tarpon (but only after the amount thereof shall have been agreed upon or at the times and in the amounts required by the Dissent Provisions) and all of such Dissenting Shareholder's Tarpon Shares shall be cancelled. Tarpon shall not, except with the prior written consent of Community, voluntarily make any payment with respect to, or settle or offer to settle, any demand for payment by any Dissenting Shareholder. If any Dissenting Shareholder shall have failed to perfect or shall have effectively withdrawn or lost such right to demand payment of fair or appraised value, Tarpon Shares held by such Dissenting Shareholder shall thereupon be deemed to have been converted into the right to receive Consideration consisting of 40% in cash and 60% in Community Shares (the "Standard Consideration"), to be paid as provided in this Agreement.

Section 2.2 Effectuating Conversion.

(a) Community or such institution as Community may designate shall serve as the exchange agent (the "Exchange Agent"). The Exchange Agent may employ sub-agents in connection with performing its duties. The Letter of Transmittal (as hereinafter defined) will (i) provide for the election by each shareholder of Tarpon to receive a greater proportion of his/her Consideration in the form of Community Shares than 60% (ii) will contain instructions with

respect to the surrender of certificates formerly representing Tarpon Shares and the receipt of the Consideration contemplated by this Agreement and (iii) require each holder of Tarpon Shares to transfer good and marketable title to such certificates formerly representing Tarpon Shares to Community, free and clear of all liens, claims and encumbrances. Within ten (10) business days after the Effective Time of the Merger, the Exchange Agent shall send or cause to be sent to each former holder of record of Tarpon Shares transmittal materials (the "Letter of Transmittal") for use in exchanging their certificates formerly representing Tarpon Shares for the Consideration provided for in this Agreement. As promptly as practicable after receipt of properly completed Letters of Transmittal and stock certificates evidencing Tarpon Shares held by the former holders of Tarpon shares, the Exchange Agent shall disburse the appropriate Consideration on behalf of Community. Amounts that would have been payable to Dissenting Shareholders for Tarpon Shares but for the fact of their dissent in accordance with the provisions of Section 2.1(c) hereof, shall be handled in accordance with and in a manner consistent with the Dissent Provisions.

(b) At the Effective Time of the Merger, the stock transfer books of Tarpon shall be closed as to holders of Tarpon Shares immediately prior to the Effective Time of the Merger and no transfer of Tarpon Shares by any such holder shall thereafter be made or recognized and each outstanding certificate formerly representing Tarpon shares shall, without any action on the part of any holder thereof, no longer represent Tarpon Shares.

(c) In the event that any holder of Tarpon Shares is unable to deliver any certificate which represents any of such holder's Tarpon Shares, Community, in the absence of actual notice that any Tarpon Shares theretofor represented by any such certificate have been acquired by a bona fide purchaser, may, in its discretion, deliver to such holder the Standard Consideration contemplated by this Agreement to which such holder is entitled in accordance with the provisions of this Agreement upon the presentation of all of the following:

(i) An affidavit or other evidence to the reasonable satisfaction of Community that any such certificate has been lost, wrongly taken or destroyed;

(ii) Such security and indemnity as may be reasonably requested by Community to indemnify and hold Community harmless; and

(iii) Evidence to the satisfaction of Community that such holder is the owner of the Tarpon Shares theretofor represented by each certificate claimed by such holder to be lost, wrongfully taken or destroyed and that such holder is the person who would be entitled to present each such certificate pursuant to his Agreement.

(d) In the event that the delivery of any Consideration is made to a person other than the person in whose name any certificate representing Tarpon Shares surrendered is registered, such certificate so surrendered shall be properly endorsed (or accompanied by an appropriate instrument of transfer), with the signature(s) appropriately guaranteed, and otherwise in proper form for transfer, and the person requesting such delivery shall pay any transfer or other taxes required by reason of the delivery to a person other than the registered holder of such

certificate surrendered or established to the satisfaction of Community that such tax has been paid or is not applicable.

(e) Until surrendered in accordance with the provisions of this Section 2.2, each certificate representing Tarpon shares shall represent for all purposes the right to receive the Consideration contemplated by this Agreement and shall not represent the right to receive any other consideration, including, but not limited to, dividends of Tarpon or interest with respect to such Consideration.

Section 2.3 Laws of Escheat. If any of the Consideration due to be paid or delivered to the holders of Tarpon Shares is not paid or delivered within the time period specified by any applicable laws concerning abandoned property, escheat or similar laws, and if such failure to pay or deliver such consideration occurs or arises out of the fact that such property is not claimed by the proper owner thereof, Community or the Exchange Agent shall be entitled to dispose of any such consideration or other payments in accordance with applicable laws concerning abandoned property, escheat or similar laws. Any other provision of this Agreement notwithstanding, none of Tarpon, Community, the Exchange Agent nor any other person acting on their behalf shall be liable to a holder of Tarpon Shares for any amount paid or property delivered in good faith to a public official pursuant to and in accordance with any applicable abandoned property, escheat or similar law.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF TARPON

Tarpon hereby represents and warrants to Community as follows as of the date hereof and as of all times up to and including the Effective Time of the Merger (except as otherwise provided):

Section 3.1 Corporate Organization.

(a) Tarpon is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida. Tarpon has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as such business is now being conducted, and Tarpon is duly licensed or qualified to do business where the nature (if the business conducted by it or the character or location of the properties and assets owned or leased by it make such qualification necessary except where the failure to be so licensed or qualified would not have a material adverse effect on the business, assets, operations, financial condition or results of operations (such business, assets, operations, financial condition or results of operations hereinafter collectively referred to as the "Condition") of Tarpon on a consolidated basis. Tarpon is a bank holding company under the Bank Holding Company Act of 1956, as amended, and has one wholly-owned bank (or any other) subsidiary. True and correct copies of the Articles or Certificate of Incorporation and the Bylaws of Tarpon, each as amended to the date hereof, have been delivered to Community.

(b) First National Bank, Tarpon Springs, Florida, the sole wholly-owned subsidiary of Tarpon ("FN-Bank"), is a bank organized, validly existing and in good standing as a national bank under the laws of the United States. FN-Bank has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as such business is now being conducted, and FN-Bank is duly licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such licensing or qualification necessary, except where the failure to be so licensed or qualified would not have a material adverse effect on the Condition of the Bank. True and correct copies of the Articles of Incorporation and Bylaws of FN-Bank, as amended to the date hereof, have been delivered to Community.

(c) Each of Tarpon and FN-Bank has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits and licenses necessary for each of them to own or lease its properties and assets and to carry on its business as now conducted, the absence of which, either individually or in the aggregate, would have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(d) Except for FN-Bank, Tarpon does not own any capital stock of any subsidiary, and FN-Bank does not own any capital stock of any subsidiary; Tarpon and FN-Bank do not have any interest in any partnership or joint venture. For purposes of this Agreement, a "subsidiary" means any corporation or other entity of which the party referred to beneficially owns, controls, or has the power to vote, directly or indirectly, more than 5% of the outstanding equity securities.

(e) The minute books of Tarpon and FN-Bank contain complete and accurate records in all material respects of all meetings and other corporate actions held or taken by their respective shareholders and Boards of Directors (including all committees thereof).

Section 3.2 Capitalization.

(a) The authorized capital stock of Tarpon consists of 500,000 shares of common stock, par value \$0.10 per share (herein before and hereinafter referred to as "Tarpon Shares"), 155,000 shares of which as of the date hereof are issued and outstanding (none of which is held in the treasury of Tarpon). All of the issued and outstanding Tarpon Shares have been duly authorized and validly issued and all such shares are fully paid and nonassessable. As of the date hereof, there are no outstanding options, warrants, commitments, or other rights or instruments to purchase or acquire any shares of capital stock of Tarpon, or any securities or rights convertible into or exchangeable for shares of capital stock of Tarpon.

(b) The authorized capital stock of FN-Bank consists of 155,000 shares of common stock, par value \$5 per share, 155,000 shares of which as of the date hereof are issued and outstanding (none of which are held in the treasury of FN-Bank) (the "FN-Bank Shares"). All of the issued and outstanding FN-Bank Shares have been duly authorized and validly issued

and all such shares are fully paid and nonassessable. As of the date hereof, there are no outstanding options, warrants, commitments or other rights or instruments to purchase or acquire any shares of capital stock of FN-Bank, or any securities or rights convertible into or exchangeable for shares of capital stock of FN-Bank.

(c) Except as may be limited or required by applicable laws relating to banks, all of the issued and outstanding shares of capital stock of FN-Bank:

(i) are owned by Tarpon; and

(ii) are so owned free and clear of all liens and encumbrances and adverse claims thereto.

Section 3.3 Financial Statements; Filings.

(a) FN-Bank has previously delivered to Community copies of the financial statements of FN-Bank as of and for the years ended December 31, 1996, 1997 and 1998 and the financial statements of FN-Bank as of and for the period ended June 30, 1999 and FN-Bank shall deliver to Community, as soon as practicable following the preparation of additional financial statements for each subsequent calendar quarter (or other reporting period) or year of FN-Bank, the financial statements of FN-Bank as of and for such subsequent calendar quarter (or other reporting period) or year (such financial statements, unless otherwise indicated, being hereinafter referred to collectively as the "Financial Statements of FN-Bank").

(b) FN-Bank has previously delivered to Community copies of the Call Reports of FN-Bank as of and for the years ended December 31, 1996, 1997 and 1998 and the Call Reports of FN-Bank as of and for the period ended June 30, 1999, and FN-Bank shall deliver to Community, as soon as practicable following the preparation of additional Call Reports for each subsequent calendar quarter (or other reporting period) or year of FN-Bank, the Call Reports of FN-Bank as of and for each such subsequent calendar quarter (or other reporting period) or year (such Call Reports, unless otherwise indicated, being hereinafter referred to collectively as the "Call Reports of FN-Bank").

(c) Tarpon has previously delivered to Community copies of the consolidated financial statements of Tarpon as of and for the years ended December 31, 1996, 1997 and 1998 and the consolidated financial statements of Tarpon as of and for the period ended June 30, 1999, and Tarpon shall deliver to Community, as soon as practicable following the preparation of additional consolidated financial statements for each subsequent calendar quarter (or other reporting period) or year of Tarpon, the consolidated financial statements of Tarpon as of and for such subsequent calendar quarter (or other reporting period) or year (such financial statements, unless otherwise indicated, being hereinafter referred to collectively as the "Financial Statements of Tarpon").

(d) Each of the Financial Statements of Tarpon, each of the Financial Statements of FN-Bank, and each of the Call Reports of FN-Bank (including the related notes,

where applicable) have been or will be prepared in all material respects in accordance with generally accepted accounting principles or regulatory accounting principles, whichever is applicable, which principles have been or will be consistently applied during the periods involved, except as otherwise noted therein, and the books and records of Tarpon and FN-Bank have been, are being, and will be maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only actual transactions. Each of the Financial Statements of Tarpon, each of the Financial Statements of FN-Bank, and each of the Call Reports of FN-Bank (including the related notes, where applicable) fairly present or will fairly present the financial position of Tarpon on a consolidated basis and the financial position of FN-Bank (as the case may be) as of the respective dates thereof and fairly present or will fairly present the results of operations of Tarpon on a consolidated basis and the results of operations of FN-Bank (as the case may be) for the respective periods therein set forth.

(e) To the extent not prohibited by law, Tarpon has heretofore delivered or made available, or caused to be delivered or made available, to Community all reports and filings made or required to be made by Tarpon, FN-Bank or any of their respective subsidiaries with the Regulatory Authorities, and will from time to time hereafter furnish, or cause FN-Bank to furnish to Community, upon filing or furnishing the same to the Regulatory Authorities, all such reports and filings made after the date hereof with the Regulatory Authorities. As of the respective dates of such reports and filings, all such reports and filings did not and shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) Since December 31, 1998, none of Tarpon or FN-Bank has incurred any obligation or liability (contingent or otherwise) that has or might reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Condition of Tarpon on a consolidated basis, except obligations and liabilities (i) which are accrued or reserved against in the Financial Statements of Tarpon, the Financial Statements of FN-Bank or the Call Reports of FN-Bank, or reflected in the notes thereto, or (ii) which were incurred after December 31, 1998, in the ordinary course of business consistent with past practices.

Section 3.4 Loan Portfolio. Except as set forth in Disclosure Schedule 3.4, (i) all evidences of indebtedness reflected as assets in the Financial Statements of Tarpon, the Financial Statements of FN-Bank and the Call Reports of FN-Bank as of and for the year ended December 31, 1998, and the period ended June 30, 1999, were as of such dates in all respects the binding obligations of the respective obligors named therein in accordance with their respective terms, (ii) the allowances for possible loan losses shown on the Financial Statements of Tarpon, the Financial Statements of FN-Bank and the Call Reports of FN-Bank as of and for the year ended December 31, 1998, and the period ended June 30, 1999, were, and the allowance for possible loan losses to be shown on the Financial Statements of Tarpon, the Financial Statements of FN-Bank and the Call Reports of FN-Bank as of any date subsequent to the execution of this Agreement will be, as of such dates, adequate to provide for possible losses, net of recoveries relating to loans previously charged off, in respect of loans outstanding (including accrued interest receivable) of Tarpon and FN-Bank and other extensions of credit (including letters of

credit or commitments to make loans or extend credit), and (iii) each such allowance described in (ii) above has been established in accordance with the accounting principles described in Section 3.3(d).

Section 3.5 Certain Loans and Related Matters. Except as set forth in Disclosure Schedule 3.5, neither Tarpon nor FN-Bank is a party to any written or oral: (i) loan agreement, note or borrowing arrangement, other than credit card loans and other loans the unpaid balance of which does not exceed \$5,000 per loan, under the terms of which the obligor is sixty (60) days delinquent in payment of principal or interest or in default of any other provision as of the date hereof; (ii) loan agreement, note or borrowing arrangement which has been classified or, in the exercise of reasonable diligence by Tarpon or FN-Bank, should have been classified as "substandard," "doubtful," "loss," "other loans especially mentioned," "other assets especially mentioned" or any comparable classifications by such persons; (iii) loan agreement, note or borrowing arrangement, including any loan guaranty, with any director or executive officer of Tarpon or FN-Bank or any ten percent (10%) shareholder of Tarpon, or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing; or (iv) loan agreement, note or borrowing arrangement in violation of any law, regulation or rule applicable to Tarpon or FN-Bank including, but not limited to, those promulgated, interpreted or enforced by any of the Regulatory Authorities and which violation could have a material adverse effect on the Condition of Tarpon on a consolidated basis. As of the date of any Financial Statement of Tarpon, any Financial Statement of FN-Bank and any Call Report of FN-Bank subsequent to the execution of this Agreement, including the d

credit or commitments to make loans or extend credit), and (iii) each such allowance described in (ii) above has been established in accordance with the accounting principles described in Section 3.3(d).

Section 3.5 Certain Loans and Related Matters. Except as set forth in Disclosure Schedule 3.5, neither Tarpon nor FN-Bank is a party to any written or oral: (i) loan agreement, note or borrowing arrangement, other than credit card loans and other loans the unpaid balance of which does not exceed \$5,000 per loan, under the terms of which the obligor is sixty (60) days delinquent in payment of principal or interest or in default of any other provision as of the date hereof; (ii) loan agreement, note or borrowing arrangement which has been classified or, in the exercise of reasonable diligence by Tarpon or FN-Bank, should have been classified as "substandard," "doubtful," "loss," "other loans especially mentioned," "other assets especially mentioned" or any comparable classifications by such persons; (iii) loan agreement, note or borrowing arrangement, including any loan guaranty, with any director or executive officer of Tarpon or FN-Bank or any ten percent (10%) shareholder of Tarpon, or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing; or (iv) loan agreement, note or borrowing arrangement in violation of any law, regulation or rule applicable to Tarpon or FN-Bank including, but not limited to, those promulgated, interpreted or enforced by any of the Regulatory Authorities and which violation could have a material adverse effect on the Condition of Tarpon on a consolidated basis. As of the date of any Financial Statement of Tarpon, any Financial Statement of FN-Bank and any Call Report of FN-Bank subsequent to the execution of this Agreement, including the date of the Financial Statements of Tarpon, the Financial Statements of FN-Bank, and the Call Reports of FN-Bank that immediately precede the Effective Time of the Merger, there shall not have been any material increase in the loan agreements, notes or borrowing arrangements described in (i) through (iv) above and Disclosure Schedule 3.5.

Section 3.6 Authority; No Violation.

(a) Tarpon has full corporate power and authority to execute and deliver this Agreement and, subject to the approval of the shareholders of Tarpon and to the receipt of the Consents of the Regulatory Authorities, to consummate the transactions contemplated hereby. The Board of Directors of Tarpon has duly and validly approved this Agreement and the transactions contemplated hereby, has authorized the execution and delivery of this Agreement has directed that this Agreement and the transactions contemplated hereby be submitted to Tarpon's shareholders for approval at a meeting of such shareholders and, except for the adoption of such Agreement by its shareholders, no other corporate proceedings on the part of Tarpon are necessary to consummate the transactions so contemplated. This Agreement, when duly and validly executed by Tarpon and delivered by Tarpon, will constitute a valid and binding obligation of Tarpon, and will be enforceable against Tarpon in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought.

(b) Neither the execution and delivery of this Agreement by Tarpon nor the consummation by Tarpon of the transactions contemplated hereby, nor compliance by Tarpon with any of the terms or provisions hereof, will (i) violate any provision of the Articles or Certificate of Incorporation or Bylaws of Tarpon or the Articles of Incorporation or Bylaws of FN-Bank, (ii) assuming that the Consents of the Regulatory Authorities and approvals referred to herein are duly obtained, violate any statute, code, ordinance, rule, regulation judgment, order, writ, decree or injunction applicable to Tarpon or FN-Bank or any of their respective properties or assets, or (iii) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by or result in the creation of any lien, security interest, charge or other encumbrance upon any of the respective properties or assets of Tarpon or FN-Bank under, any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, deed of trust, license, permit, lease, agreement or other instrument or obligation to which Tarpon or FN-Bank is a party, or by which any of them or any of their respective properties or assets may be bound or affected.

Section 3.7 Consents and Approvals. Except for (i) the Consents of the FRB, the FDIC, and the OCC; (ii) approval of this Agreement by the shareholders of Tarpon; (iii) the Registration Statement on SEC Form S-4/Proxy Statement, to be filed by Community in order to register the Community Shares to be issued as part of the Consideration and to be used as the proxy statement to solicit approval of this Agreement by the shareholders of Tarpon ("S-4/Proxy"), becoming effective with the SEC; and (iv) filing of Articles of Merger with the States of Florida and Georgia, no Consents of any person are necessary in connection with the execution and delivery by Tarpon of this Agreement, and the consummation by Tarpon of the Merger and the other transactions contemplated hereby.

Section 3.8 Broker's Fees. Neither Tarpon nor FN-Bank, nor any of their respective officers or directors, has employed any broker or finder or incurred any liability for any broker's fees, commissions or finder's fees in connection with any of the transactions contemplated by this Agreement.

Section 3.9 Absence of Certain Changes or Events. Except as set forth in Disclosure Schedule 3.9, since December 31, 1998, there has not been (i) any declaration, payment or setting aside of any dividend or distribution (whether in cash, stock or property) in respect of the Tarpon Shares or (ii) any change or any event involving a prospective change in the Condition of Tarpon on a consolidated basis which has had, or is reasonably likely to have, a material adverse effect on the Condition of Tarpon on a consolidated basis or on Tarpon or FN-Bank generally, including, without limitation any change in the administration or supervisory standing or rating of Tarpon or FN-Bank with any Regulatory Authority, and no fact or condition exists as of the date hereof which might reasonably be expected to cause any such event or change in the future.

Section 3.10 Legal Proceedings. Except as set forth in Disclosure Schedule 3.10, neither Tarpon nor FN-Bank is a party to any, and there are no pending or, to the knowledge of Tarpon or FN-Bank, threatened, judicial, administrative, arbitral or other proceedings, claims,

actions, causes of action or governmental investigations against Tarpon or FN-Bank challenging the validity of the transactions contemplated by this Agreement and, to the knowledge of Tarpon or FN-Bank as of the date hereof, there is no material proceeding, claim, action or governmental investigation against Tarpon or FN-Bank; no judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator is outstanding against Tarpon or FN-Bank which has a material adverse effect on the Condition of Tarpon on a consolidated basis; there is no default by Tarpon or FN-Bank under any material contract or agreement to which Tarpon or FN-Bank is a party; and neither Tarpon nor FN-Bank is a party to any agreement, order or memorandum in writing by or with any Regulatory Authority restricting the operations of Tarpon or FN-Bank and neither Tarpon nor FN-Bank has been advised by any Regulatory Authority that any such Regulatory Authority is contemplating issuing or requesting the issuance of any such order or memorandum in the future.

Section 3.11 Taxes and Tax Returns.

(a) Tarpon has previously delivered or made available to Community copies of the federal income tax returns of Tarpon and, if consolidated returns do not exist for all periods, of FN-Bank, for the years 1996, 1997 and 1998 and all schedules and exhibits thereto, and will provide Community with a copy of its federal income tax return for any subsequent period with all schedules and exhibits thereto, when such return is filed, and, to the knowledge of Tarpon or FN-Bank, such returns have not been examined by the Internal Revenue Service. Tarpon and FN-Bank have duly filed in correct form all federal, state and local information returns and tax returns required to be filed by either of them on or prior to the date hereof, and Tarpon and FN-Bank have duly paid or made adequate provisions for the payment of all taxes and other governmental charges which have been incurred or are due or claimed to be due from either of them by any federal, state or local taxing authorities (including, without limitation, those due in respect of the properties, income, business, capital stock, deposits, franchises, licenses, sales and payrolls of Tarpon and FN-Bank) other than taxes and other charges which (i)(A) are not yet delinquent or (B) are being contested in good faith or (ii) have not been finally determined. The amounts set forth as liabilities for taxes on the Financial Statements of Tarpon, the Financial Statements of FN-Bank and the Call Reports of FN-Bank are sufficient, in the aggregate, for the payment of all unpaid federal, state and local taxes (including any interest or penalties thereon), whether or not disputed, accrued or applicable, for the periods then ended, and have been computed in accordance with generally accepted accounting principles. Neither Tarpon nor FN-Bank is responsible for the taxes of any other person other than Tarpon and FN-Bank, under Treasury Regulation 1.1502-6 or any similar provision of federal, state or foreign law.

(b) (i) Proper and accurate amounts have been withheld by Tarpon and FN-Bank from their employees and others for all prior periods in compliance in all material respects with the tax withholding provisions of all applicable federal, state and local laws and regulations, and proper due diligence steps have been taken in connection with back-up withholding, (ii) federal, state and local returns have been filed by Tarpon and FN-Bank for all periods for which returns were due with respect to income tax withholding, Social Security and unemployment taxes and (iii) the amounts shown on such returns to be due and payable have been paid in full or

adequate provision therefor has been included by either Tarpon or FN-Bank in the Financial Statements of Tarpon or the Financial Statements of FN-Bank, as the case may be.

Section 3.12 Employee Benefit Plans.

(a) Neither Tarpon or FN-Bank has or maintains any "employee benefit plan," as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), except as described in Disclosure Schedule 3.12(a).

(b) Neither Tarpon or FN-Bank (or any pension plan maintained by either of them) has incurred any liability to the Pension Benefit Guaranty Corporation ("PBGC") or the Internal Revenue Service with respect to any pension plan qualified under Section 401 of the Code, except liabilities to the PBGC pursuant to Section 4007 of ERISA, all which have been fully paid. No reportable event under Section 4043(b) of ERISA (including events waived by PBGC regulation) has occurred with respect to any such pension plan.

(c) Neither Tarpon or FN-Bank has incurred any material liability under Section 4201 of ERISA for a complete or partial withdrawal from, or agreed to participate in, any multi-employer plan as such term is defined in Section 3(37) of ERISA.

(d) All "employee benefit plans," as defined in Section 3(3) of ERISA, that are maintained by Tarpon or FN-Bank comply, in all material respects with ERISA. Neither Tarpon nor FN-Bank has any material liability under any such plan that is not reflected in the Financial Statements of Tarpon or the Call Reports of FN-Bank.

(e) No prohibited transaction (which shall mean any transaction prohibited by Section 406 of ERISA and not exempt under Section 408 of ERISA) has occurred with respect to any employee benefit plan maintained by Tarpon or FN-Bank or any of their respective subsidiaries (i) which would result in the imposition, directly or indirectly, of a material excise tax under Section 4975 of the Code or a material civil penalty under Section 502(i) of ERISA, or (ii) the correction of which would have a material adverse effect on the Condition of Tarpon or FN-Bank; and, to the best knowledge of Tarpon or FN-Bank no actions have occurred which could result in the imposition of a penalty under any section or provision of ERISA.

(f) No employee benefit plan that is a defined benefit pension plan has any "unfunded current liability," as that term is defined in Section 302(d)(8)(A) of ERISA, and the present fair market value of the assets of any such plan exceeds the plan's "benefit liabilities," as that term is defined in Section 4001(a)(16) of ERISA, when determined under actuarial factors that would apply if the plan terminated in accordance with all applicable legal requirements.

(g) Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any material payment (including, without limitation, severance, unemployment compensation, golden parachute or otherwise) becoming due to any director or any officer or employee of Tarpon or FN-Bank under any benefit plan or otherwise, (ii) materially increase any benefits otherwise payable under any benefit plan or (iii)

result in any acceleration of the time of payment or vesting of any such benefits to any material extent.

Section 3.13 Title and Related Matters.

(a) Except as set forth in Disclosure Schedule 3.13(a), Tarpon and FN-Bank have good title, and as to owned real property, have good and marketable title in fee simple absolute, to all assets and properties, real or personal, tangible or intangible, reflected as owned by or carried under the name of either of them on the Financial Statements of Tarpon, the Financial Statements of FN-Bank, or the Call Reports of FN-Bank or acquired subsequent thereto (except to the extent that such assets and properties have been disposed of for fair value in the ordinary course of business since June 30, 1999), free and clear of all liens, encumbrances, mortgages, security interests, restrictions, pledges or claims, except for (i) those liens, encumbrances, mortgages, security interests, restrictions, pledges or claims reflected in the Financial Statements of Tarpon, the Financial Statements of FN-Bank, and the Call Reports of FN-Bank or incurred in the ordinary course of business after June 30, 1999, (ii) statutory liens for amounts not yet delinquent or which are being contested in good faith, and (iii) liens, encumbrances, mortgages, security interests, pledges, claims and title imperfections that are not in the aggregate material to the Condition of Tarpon on a consolidated basis.

(b) All agreements pursuant to which Tarpon or FN-Bank leases, subleases or licenses material real or material personal properties from others are valid, binding and enforceable in accordance with their respective terms, and there is not, under any of such leases or licenses, any existing default or event of default, or any event which with notice or lapse of time, or both, would constitute a default or *force majeure*, or provide the basis for any other claim of excusable delay or nonperformance, except for defaults which individually or in the aggregate would not have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(c) Except as set forth on Disclosure Schedule 3.13(c), other than real estate owned, acquired by foreclosure or voluntary deed in lieu of foreclosure (i) all of the buildings, structures and fixtures owned, leased or subleased by Tarpon or FN-Bank are in good operating condition and repair, subject only to ordinary wear and tear and/or minor defects which do not interfere with the continued use thereof in the conduct of normal operations, and (ii) all of the material personal properties owned, leased or subleased by Tarpon or FN-Bank are in good operating condition and repair, subject only to ordinary wear and tear and/or minor defects which do not interfere with the continued use thereof in the conduct of normal operations.

Section 3.14 Real Estate.

(a) Disclosure Schedule 3.14(a) identifies and sets forth a complete legal description for each parcel of real estate or interest therein owned by Tarpon or FN-Bank or in which Tarpon or FN-Bank has any ownership or leasehold interest.

(b) Disclosure Schedule 3.14(b) lists or otherwise describes each and every written lease or sublease under which Tarpon or FN-Bank is the lessee of any real property and which relates in any manner to the operation of the businesses of Tarpon or FN-Bank. All rentals due under such leases have been paid and there exists no material default under the terms of any lease and no event has occurred which, upon the passage of time or giving of notice, or both, would result in any event of default or prevent Tarpon or FN-Bank from exercising and obtaining the benefits of any options or other rights contained therein, except for defaults which individually or in the aggregate would not have a material adverse effect on the Condition of Tarpon on a consolidated basis. Except as set forth in Disclosure Schedule 3.14(b), Tarpon and FN-Bank have all right, title and interest as a lessee under the terms of each lease or sublease, free and clear of all liens, claims or encumbrances (other than the rights of the lessor), and all such leases are valid and in full force and effect. Tarpon and FN-Bank have the right under each such lease and sublease to occupy, use, possess, and control all property leased or subleased by Tarpon or FN-Bank and, as of the Effective Time of the Merger, shall have the right to transfer each lease or sublease pursuant to this Agreement.

(c) To the best of their respective knowledge, neither Tarpon nor FN-Bank has violated, or is currently in violation of, any law, regulation or ordinance relating to the ownership or use of the real estate and real estate interests described in Disclosure Schedules 3.14(a) and 3.14(b) including, but not limited to any law, regulation or ordinance relating to zoning, building, occupancy, environmental or comparable matter which individually or in the aggregate would have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(d) As to each parcel of real property owned or used by Tarpon or FN-Bank, neither Tarpon nor FN-Bank has received notice of any pending or, to the knowledge of Tarpon or FN-Bank threatened condemnation proceedings, litigation proceedings or mechanics or materialmen's liens.

Section 3.15 Environmental Matters.

(a) To the best of its respective knowledge, each of Tarpon, FN-Bank, the Participation Facilities (as defined below), and the Loan Properties (as defined below) are, and have been in compliance with all applicable laws, rules, regulations, standards and requirements of the United States Environmental Protection Agency and all state and local agencies with jurisdiction over pollution or protection of the environment, except for violations which, individually or in the aggregate, will not have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(b) There is no litigation pending or, to the knowledge of Tarpon or FN-Bank, threatened before any court, governmental agency or board or other forum in which Tarpon or FN-Bank or any Participation Facility has been or, with respect to threatened litigation, may be, named as defendant (i) for alleged noncompliance (including by any predecessor), with any Environmental Law (as defined below) or (ii) relating to the release into the environment of any

Hazardous Material (as defined below) or oil, occurring on a site owned, leased or operated by Tarpon or FN-Bank or any Participation Facility.

(c) There is no litigation pending or, to the knowledge of Tarpon or FN-Bank, threatened before any court, governmental agency or board or other forum in which any Loan Property (or Tarpon or FN-Bank in respect of such Loan Property) has been or, with respect to threatened litigation, may be, named as a defendant or potentially responsible party (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the release into the environment of any Hazardous Material or oil, occurring on or involving a Loan Property, except for such litigation pending, or threatened that will not individually or in the aggregate, have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(d) To the knowledge of Tarpon or FN-Bank, there is no reasonable basis for any litigation of a type described in Sections 3.15(b) or 3.15(c) of this Agreement, except as will not have, individually or in the aggregate, a material adverse effect on the Condition of Tarpon on a consolidated basis.

(e) During the period of (i) ownership or operation by Tarpon or FN-Bank of any of their respective current properties, (ii) participation by Tarpon or FN-Bank in the management of any Participation Facility, or (iii) holding by Tarpon or FN-Bank of a security interest in any Loan Property (except as shown on Disclosure Schedule 3.15(e)(iii)), there have been no releases of Hazardous Material or oil in, on, under or affecting such properties, except where such releases have not and will not, individually or in the aggregate, have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(f) Prior to the period of (i) ownership or operation by Tarpon or FN-Bank of any of their respective current properties, (ii) participation by Tarpon or FN-Bank in the management of any Participation Facility, or (iii) holding by Tarpon or FN-Bank of a security interest in any Loan Property, to the knowledge of Tarpon or FN-Bank, there were no releases of Hazardous Material or oil in, on, under or affecting any such property, Participation Facility or Loan Property, except where such releases have not and will not, individually or in the aggregate, have a material adverse effect on the Condition of Tarpon on a consolidated basis.

(g) "Environmental Law" means any federal, state, local or foreign law, statute, ordinance, rule, regulation, code, license, permit, authorization, approval, consent order, judgment, decree, injunction or agreement with any regulatory agency relating to (i) the protection, preservation or restoration of the environment (including, without limitation, air, water vapor, surface water, groundwater, drinking water supply, surface soil, subsurface soil, plant and animal life or any other natural resource), and/or (ii) the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, production, release or disposal of any substance presently listed, defined, designated or classified as hazardous, toxic, radioactive or dangerous, or other-wise regulated, whether by type or by substance as a component; "Loan Property" means any property owned by Tarpon or FN-Bank, or in which Tarpon or FN-Bank holds a security interest, and, where required by the context, includes the

owner or operator of such property, but only with respect to such property; "Hazardous Material" means any pollutant, contaminant, or hazardous substance within the meaning of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 *et seq.*, or any similar federal, state or local law; and "Participation Facility" means any facility in which Tarpon or FN-Bank participate in the management and, where required by the context, includes the owner or operator of such facility, but only with respect to such facility.

Section 3.16 Commitments and Contracts. Except as set forth in Disclosure Schedule 3.16, neither Tarpon nor FN-Bank is a party or subject to any of the following (whether written or oral, express or implied):

(a) Any employment contract or understanding (including any understandings or obligations with respect to severance or termination pay liabilities or fringe benefits) with any present or former officer, director, employee, including in any such person's capacity as a consultant (other than those which either are terminable at will without any further amount being payable thereunder or as a result of such termination by Tarpon or FN-Bank);

(b) Any labor contract or agreement with any labor union;

(c) Any contract covenants which limit the ability of Tarpon or FN-Bank to compete in any line of business or which involve any restriction of the geographical area in which Tarpon or FN-Bank may carry on its business (other than as may be required by law or applicable regulatory authorities);

(d) Any lease (other than real estate leases described on Disclosure Schedule 3.14(b)) or other agreements or contracts with annual payments aggregating \$5,000 or more; or

(e) Any other contract or agreement which would be required to be disclosed in reports filed by Tarpon with the OCC or the FRB and which has not been so disclosed.

Section 3.17 Regulatory Matters. Neither Tarpon nor FN-Bank has agreed to take any action or has any knowledge of any fact or has agreed to any circumstance that would materially impede or delay receipt of any Consents of any Regulatory Authorities referred to in this Agreement including, matters relating to the Home Mortgage Disclosure Act, the Community Reinvestment Act and protests thereunder.

Section 3.18 State Takeover Laws. This Agreement and the transactions contemplated hereby are not subject to or restricted by any applicable state anti-takeover statute.

Section 3.19 Insurance. Tarpon and FN-Bank are presently insured, and during each of the past three calendar years have been insured, for reasonable amounts against such risks as companies or institutions engaged in a similar business would, in accordance with good business practice, customarily be insured. To the knowledge of Tarpon and FN-Bank the policies of fire, theft, liability and other insurance maintained with respect to the assets or businesses of Tarpon and FN-Bank provide adequate coverage against loss, and the fidelity bonds in effect as to which

Tarpon or FN-Bank is named an insured are sufficient for their purpose. Such policies of insurance are listed and described in Disclosure Schedule 3.19.

Section 3.20 Labor. No work stoppage involving Tarpon or FN-Bank is pending as of the date hereof or, to the knowledge of Tarpon or FN-Bank, threatened. Neither Tarpon nor FN-Bank is involved in, or, to the knowledge of Tarpon or FN-Bank, threatened with or affected by, any proceeding asserting that Tarpon or FN-Bank has committed an unfair labor practice or any labor dispute, arbitration, lawsuit or administrative proceeding which might reasonably be expected to have a material adverse effect on the Condition of Tarpon on a consolidated basis. No union represents or claims to represent any employees of Tarpon or FN-Bank, and, to the knowledge of Tarpon or FN-Bank, no labor union is attempting to organize employees of Tarpon or FN-Bank.

Section 3.21 Compliance with Laws. Each of Tarpon and FN-Bank has conducted its business in accordance with all applicable federal, foreign, state and local laws, regulations and orders, and each is in compliance with such laws, regulations and orders, except for such violations or non-compliance, which when taken together as a whole, will not have a material adverse effect on the Condition of Tarpon on a consolidated basis. Except as disclosed in Disclosure Schedule 3.21, neither Tarpon nor FN-Bank:

(a) Is, to the best of their respective knowledge, in violation of any laws, orders or permits applicable to its business or the employees or agents or representatives conducting its business, except for violations that individually or in the aggregate do not have and will not have a material adverse effect on the Condition of Tarpon on a consolidated basis; and

(b) Has received a notification or communication from any agency or department of federal, state or local government or the Regulatory Authorities or the staff thereof (i) asserting that Tarpon or FN-Bank is not in compliance with any laws or orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is not reasonably likely to have a material adverse effect on the Condition of Tarpon on a consolidated basis, (ii) threatening to revoke any permit, the revocation of which is not reasonably likely to have a material adverse effect on the Condition of Tarpon on a consolidated basis, (iii) requiring Tarpon or FN-Bank to enter into any cease and desist order, formal agreement, commitment or memorandum of understanding, or to adopt any resolutions or similar undertakings, or (iv) directing, restricting or limiting, or purporting to direct, restrict or limit in any manner, the operations of Tarpon or FN-Bank, including, without limitation, any restrictions on the payment of dividends.

Section 3.22 Transactions with Management. Except for (a) deposits, all of which are on terms and conditions comparable to those made available to other customers of FN-Bank at the time such deposits were entered into, (b) the agreements listed on Disclosure Schedule 3.16, and (c) the items described on Disclosure Schedule 3.22, there are no contracts with or commitments to present or former stockholders, directors, officers or employees involving the expenditure of more than \$1,000 as to any one individual, including, with respect to any business

directly or indirectly controlled by any such person, or \$5,000 for all such contracts for commitments in the aggregate for all such individuals.

Section 3.23 The S-4/Proxy. None of the information relating to Tarpon or FN-Bank to be included in the S-4/Proxy, which is to be filed with the SEC and, upon effectiveness, to be mailed to the shareholders of Tarpon in connection with the solicitation of their approval of this Agreement shall be false or misleading with respect to any material fact, or omit to state any material fact, necessary in order to make a statement therein not false or misleading.

Section 3.24 Deposit Insurance. The deposit accounts of FN-Bank are insured by the Bank Insurance Fund in accordance with the provisions of the Federal Deposit Insurance Act, as amended (the "Act"); FN-Bank has paid all regular premiums and special assessments and filed all reports required under the Act.

Section 3.25 Untrue Statements and Omissions. No representation or warranty contained in Article III of this Agreement or in the Disclosure Schedules of Tarpon contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF COMMUNITY

Community hereby represents and warrants to Tarpon as follows as of the date hereof and also on the Effective Time of the Merger (except as otherwise provided):

Section 4.1 Organization and Related Matters of Community.

(a) Community is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia. Community has the corporate power and authority to own or lease all of its properties and assets and to carry on its business as now conducted, or as proposed to be conducted pursuant to this Agreement, and Community is licensed or qualified to do business in each jurisdiction in which the nature of the business conducted by Community, or the character or location of the properties and assets owned or leased by Community makes such licensing or qualification necessary, except where the failure to be so licensed or qualified (or steps necessary to cure such failure) would not have a material adverse effect on the Condition of Community on a consolidated basis. Community is a bank holding company under the Bank Holding Company Act of 1956, as amended, and has one wholly-owned bank (or any other) subsidiary.

(b) Community has in effect all federal, state, local and foreign governmental, regulatory and other authorizations, permits and licenses necessary for it to own or lease its properties and assets and to carry on its business as now conducted, the absence of which,

either individually or in the aggregate, would have a material adverse effect on the Condition of Community on a consolidated basis.

(c) The minute books of Community contain complete and accurate records in all material respects of all meetings and other corporate actions held or taken by the shareholders and Board of Directors of Community.

Section 4.2 Capitalization. As of the date hereof, the authorized capital stock of Community consisted of 10,000,000 shares of no par value common stock, 1,518,871 of which are issued and outstanding. All issued and outstanding shares of common stock of Community have been duly authorized and validly issued, and all such shares are fully paid and nonassessable.

Section 4.3 Authorization. The execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated hereby and in any related agreements, have been or, as of the Effective Time of the Merger, will have been duly authorized by the Board of Directors of Community, and no other corporate proceedings on the part of Community are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement is the valid and binding obligation of Community enforceable against Community in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought. Neither the execution, delivery or performance of this Agreement nor the consummation of the transactions contemplated hereby will (i) violate any provision of the Amended and Restated Articles of Incorporation or Bylaws of Community or, (ii) to Community's knowledge and assuming that any necessary Consents are duly obtained, (A) violate, conflict with, result in a breach of any provisions of, constitute a default (or an event which, with notice or lapse of time, or both, would constitute a default) under, result in the termination of, accelerate the performance required by or result in the creation of any lien, security interest charge or other encumbrance upon any of the properties or assets of Community under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, permit, lease, agreement or other instrument or obligation to which Community is a party, or by which Community or any of its respective properties or assets may be bound or affected, (B) violate any statute, code, ordinance, rule, regulation, judgment, order, writ, decree or injunction applicable to Community or any of its material properties or assets, except for (X) such conflicts, breaches or defaults as are set forth in Disclosure Schedule 4.3; and (Y) with respect to (A) and (B) above, such as individually or in the aggregate will not have a material adverse effect on the Condition of Community on a consolidated basis.

Section 4.4 Financial Statements.

(a) Community has made available to Tarpon copies of the Consolidated financial statements of Community as of and for the years ended December 31, 1997 and 1998,

and Community will make available to Tarpon, as soon as practicable following the preparation of additional consolidated financial statements for each subsequent calendar quarter or year of Community, the consolidated financial statements of Community as of and for such subsequent calendar quarter or year (such consolidated financial statements, unless otherwise indicated, being hereinafter referred to collectively as the "Financial Statements of Community").

(b) Each of the Financial Statements of Community (including the related notes) have been or will be prepared in all material respects in accordance with generally accepted accounting principles, which principles have been or will be consistently applied during the periods involved, except as otherwise noted therein, and the books and records of Community have been, are being, and will be maintained in all material respects in accordance with applicable legal and accounting requirements and reflect only the actual transactions. Each of the Financial Statements of Community (including the related notes) fairly presents or will fairly present the consolidated financial position of Community as of the respective dates thereof and fairly presents or will fairly present the results of operations of Community for the respective periods therein set forth.

(c) Since December 31, 1998, Community has not incurred any obligation or liability (contingent or otherwise) that has or might reasonably be expected to have, individually or in the aggregate, a material adverse effect on the Condition of Community on a consolidated basis, except obligations and liabilities (i) which are accrued or reserved against in the Financial Statements of Community or reflected in the notes thereto, and (ii) which were incurred after December 31, 1998 in the ordinary course of business consistent with past practices. Since December 31, 1998, and except for the matters described in (i) and (ii) above, Community has not incurred or paid any obligation or liability which would be material to the Condition of Community on a consolidated basis.

Section 4.5 Absence of Certain Changes or Events. Since December 31, 1998, there has not been any material adverse change in the Condition of Community on a consolidated basis, and to the knowledge of Community, no fact or condition exists which might reasonably be expected to cause such a material adverse change in the future.

Section 4.6 Legal Proceedings. Except as set forth on Disclosure Schedule 4.6 hereto, Community is not a party to any, and there are no pending, or, to the knowledge of Community, threatened, legal, administrative, arbitrary or other proceedings, claims, actions, causes of action or governmental investigations of any nature against Community challenging the validity or propriety of the transactions contemplated by this Agreement or which would be required to be reported by Community pursuant to Item 103 of Regulation S-B promulgated by the SEC.

Section 4.7 Insurance. Community has in effect insurance coverage with insurers which, in respect of amounts, premiums, types and risks insured, constitutes reasonably adequate coverage against all risks customarily insured against by institutions comparable in size and operation to Community.

Section 4.8 Consents and Approvals. Except for (i) the Consents of the FRB and the OCC; (ii) approval of this Agreement by the shareholders of Tarpon; (iii) the effectiveness of the S-4/Proxy; and (iv) filing of Articles of Merger with the States of Florida and Georgia, no consents or approvals by, or filings or registrations with, any third party or any public body, agency or authority are necessary in connection with the execution and delivery by Community of this Agreement, and the consummation of the Merger and the other transactions contemplated hereby.

Section 4.9 Regulatory Matters. Community has not agreed to take any action, has no knowledge of any fact and has not agreed to any circumstance that would materially impede or delay receipt of any Consent from any Regulatory Authority referred to in the Agreement.

Section 4.10 Proxy Materials. None of the information relating solely to Community or any of its subsidiaries to be included or incorporated by reference in the Proxy Statement which is to be mailed to the shareholders of Tarpon in connection with the solicitation of their approval of this Agreement will, at the time such Proxy Statement is mailed or at the time of the meeting of shareholders of Tarpon to which such Proxy Statement relates, be false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make a statement therein not false or misleading.

Section 4.11 No Broker' s or Finder' s Fees. Neither Community nor any of its affiliates or employers has employed any broker or finder or incurred any liability for any broker' s fees, commissions or finder' s fees in connection with this Agreement or the consummation of any of the transactions contemplated herein.

Section 4.12 Community Shares to be Delivered. All of the Community Shares, when issued and delivered to the holders of the Tarpon Shares pursuant to this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free and clear of any liens or other encumbrances or restrictions on resale, except, as regards restrictions on resale, with respect to Community Shares which would be held by holders of Tarpon Shares who become, pursuant to or subsequent to the Merger, "affiliates" of Community for purposes of Rule 144(a)(1) under the Securities Act of 1933.

Section 4.13 Untrue Statements and Omissions. No representation or warranty contained in Article IV of this Agreement or in the Disclosure Schedules of Community contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

ARTICLE V

COVENANTS AND AGREEMENTS

Section 5.1 Conduct of the Business of Tarpon.

(a) During the period from the date of this Agreement to the Effective Time of the Merger, Tarpon shall, and shall cause FN-Bank to, (i) conduct its business in the usual, regular and ordinary course consistent with past practice and prudent banking principles, (ii) use its best efforts to maintain and preserve intact its business organization, employees, goodwill with customers and advantageous business relationships and retain the services of its officers and key employees, and (iii) except as required by law or regulation, take no action which would adversely affect or delay the ability of Tarpon or Community to obtain any Consent from any Regulatory Authorities or other approvals required for the consummation of the transactions contemplated hereby or to perform its covenants and agreements under this Agreement.

(b) During the period from the date of this Agreement to the Effective Time of the Merger, except as required by law or regulation, Tarpon shall not, and it shall not permit FN-Bank or any of their respective subsidiaries, without the prior written consent of Community, to:

(i) change, delete or add any provision of or to the Articles of Incorporation or Bylaws of Tarpon or FN-Bank;

(ii) change the number of shares of the authorized, issued or outstanding capital stock of Tarpon, including any issuance, purchase, redemption, split, combination or reclassification thereof, or issue or grant any option, warrant, call, commitment, subscription, right or agreement to purchase relating to the authorized or issued capital stock of Tarpon, declare, set aside or pay any dividend or other distribution with respect to the outstanding capital stock of Tarpon;

(iii) incur any material liabilities or material obligations (other than deposit liabilities and short-term borrowings in the ordinary course of business), whether directly or by way of guaranty, including any obligation for borrowed money, or whether evidenced by any note, bond, debenture, or similar instrument, except (A) in the ordinary course of business consistent with past practice and (B) with respect to reasonable expenses incurred in seeking to perform this Agreement and consummate the transactions contemplated hereby;

(iv) except for the purchase of the FN-Bank building, make any capital expenditures individually in excess of \$10,000, or in the aggregate in excess of \$25,000 other than expenditures necessary to maintain existing assets in good repair;

(v) except for parcels described on Disclosure Schedule 5.1(b)(v), sell, transfer, convey or otherwise dispose of any real property (including "other real estate owned")

or interest therein having a book value in excess of or in exchange for consideration in excess of \$10,000;

(vi) incur or permit overdrafts on deposit accounts held at FN-Bank in excess of \$5,000 for any single item or \$10,000 in the aggregate at any time outstanding without the consent of Community or its representatives;

(vii) pay any bonuses to any executive officer; enter into any new, or amend in any respect any existing, employment, consulting, noncompetition or independent contractor agreement with any person; alter the terms of any existing incentive bonus or commission plan; adopt any new or amend in any material respect any existing employee benefit plan, except as may be required by law; grant any increase in compensation to its employees as a class or to its officers; grant any increases in fees or other increases in compensation or in other benefits to any of its directors; or effect any change in any respect in retirement benefits to any class of employees or officers, except as required by, law;

(viii) enter into or extend any agreement, lease or license relating to real property, personal property, data processing or bankcard functions relating to Tarpon or FN-Bank that involves an annualized payment of \$5,000 or more or aggregate payments over the term of such lease of \$25,000 or more; or

(ix) acquire twenty percent (20%) or more of the assets or equity securities of any person or acquire direct or indirect control of any person, other than in connection with (A) foreclosures in the ordinary course of business, or (B) acquisitions of control by FN-Bank acting in a fiduciary capacity.

Section 5.2 Current Information. During the period from the date of this Agreement to the Effective Time of the Merger or the time of termination or abandonment of this Agreement, Tarpon will cause one or more of its designated representatives to confer on a regular and frequent basis with representatives of Community and to report the general status of the ongoing operations of Tarpon. Tarpon will promptly notify Community of any material change in the normal course of business or the operations or the properties of Tarpon, FN-Bank or any of their respective subsidiaries, any governmental complaints, investigations or hearings (or communications indicating that the same may be contemplated) affecting Tarpon, FN-Bank or their respective subsidiaries, the institution or the threat of material litigation, claims, threats or causes of action involving Tarpon, FN-Bank or any of their respective subsidiaries, and will keep Community fully informed of such events. Tarpon will furnish to Community, promptly after the preparation and/or receipt by Tarpon thereof, copies of its unaudited periodic financial statements and call reports for the applicable periods then ended, and such financial statements and call reports shall, upon delivery to Community, be treated, for purposes of Section 3.3 hereof, as among the Financial Statements of Tarpon, the Financial Statements of FN-Bank and the Call Reports of FN-Bank.

Section 5.3 Access to Properties; Personnel and Records.

(a) So long as this Agreement shall remain in effect, Tarpon and FN-Bank shall permit Community and its agents full access, during normal business hours, to the properties of Tarpon and FN-Bank and shall disclose and make available (together with the right to copy) to Community and to its internal auditors, loan review officers, attorneys, accountants and other representatives, all books, papers and records relating to the assets, stock, properties, operations, obligations and liabilities of Tarpon or FN-Bank, including all books of account (including the general ledger), tax records, minute books of directors' and shareholders' meetings, organizational documents, bylaws, contracts and agreements, filings with any regulatory agency, examination reports, correspondence with regulatory or taxing authorities, documents relating to assets, titles, abstracts, appraisals, consultant's reports, plans affecting employees, securities transfer records and stockholder lists, and any other assets, business activities or prospects in which Community may have a reasonable interest, and Tarpon and FN-Bank shall use their reasonable best efforts to provide Community and its representatives access to the work papers of Tarpon's and FN-Bank's accountants. Tarpon and FN-Bank shall not be required to provide access to or to disclose information where such access or disclosure would violate or prejudice the rights of any customer, would contravene any law, rule, regulation, order or judgment or would violate any confidentiality agreement; provided that Tarpon and FN-Bank shall cooperate with Community in seeking to obtain consents from appropriate parties under whose rights or authority access is otherwise restricted. the foregoing rights granted to Community shall not, whether or not and regardless of the extent to which the same are exercised, affect the representations and warranties made in this Agreement by Tarpon or FN-Bank.

(b) All information furnished by the parties hereto pursuant to this Agreement shall be treated as the sole property of the party providing such information until the consummation of the Merger contemplated hereby and, if such transaction shall not occur, the party receiving the information shall return to the party which furnished such information, all documents or other materials containing, reflecting or referring to such information, shall use its best efforts to keep confidential all such information, and shall not directly or indirectly use such information for any competitive or other commercial purposes. No obligation to keep such information confidential shall continue for two (2) years from the date the proposed transactions are abandoned but shall not apply to (i) any information which (A) the party receiving the information was already in possession of prior to disclosure thereof by the party furnishing the information, (B) was then available to the public, or (C) became available to the public through no fault of the party receiving the information; or (ii) disclosures pursuant to a legal requirement or in accordance with an order of a court of competent jurisdiction or regulatory agency; provided that the party which is the subject of any such legal requirement or order shall use its best efforts to give the other party at least ten (10) business days prior notice thereof. Each party hereto acknowledges and agrees that a breach of any of their respective obligations under this Section 5.3 would cause the other irreparable harm for which there is no adequate remedy at law, and that, accordingly, each is entitled to injunctive and other equitable relief for the enforcement thereof in addition to damages or any other relief available at law.

Section 5.4 Approval of Tarpon Shareholders. Tarpon will take all steps necessary under applicable laws to call, give notice of, convene and hold a meeting of its shareholders at such time as may be mutually agreed to by the parties for the purpose of approving this Agreement and the transactions contemplated hereby and for such other purposes consistent with the complete performance of this Agreement as may be necessary or desirable. The Board of Directors of Tarpon will recommend to its shareholders the approval of this Agreement and the transactions contemplated hereby and Tarpon will use its best efforts to obtain the necessary approvals by its shareholders of this Agreement and the transactions contemplated hereby.

Section 5.5 No Other Bids. During the term of this Agreement, Tarpon, acting through any director or officer or other agent shall not now, nor shall it authorize or knowingly permit any officer, director or employee of, or any investment banker, attorney, accountant or other representative retained by Tarpon or FN-Bank, to solicit or encourage, including by way of furnishing information, any inquiries or the making of any proposal which may reasonably be expected to lead to any takeover proposal with respect to Tarpon or FN-Bank. Tarpon shall promptly advise Community orally and in writing of any such inquiries or proposals received by Tarpon or FN-Bank after the date hereof. As used in this Section 5.5, "takeover proposal" shall mean any proposal for a merger or other business combination involving Tarpon or FN-Bank or for the acquisition of a significant equity interest in Tarpon or FN-Bank or for the acquisition of a significant portion of the assets of Tarpon or FN-Bank.

Section 5.6 Deadlines. Tarpon shall notify Community in writing of any deadline to exercise an extension or termination of any material lease, agreement or license (including specifically real property leases and data processing agreements) to which Tarpon or FN-Bank is a party, at least ten (10) days prior to such deadline.

Section 5.7 Maintenance of Properties. Tarpon and FN-Bank will maintain their respective properties and assets in satisfactory condition and repair for the purposes for which they are intended, ordinary wear and tear excepted.

Section 5.8 Environmental Audits. At the election of Community, Tarpon will, at Community's expense, with respect to each parcel of real property that Tarpon or FN-Bank owns, leases or subleases, procure and deliver to Community, at least thirty (30) days prior to the Effective Time of the Merger, an environmental audit (including reports on asbestos, radon and lead-based paint), which audit shall be reasonably acceptable to and shall be conducted by a firm reasonably acceptable to Community.

Section 5.9 Title Insurance. At the election of Community, Tarpon will, at Community's expense, with respect to each parcel of real property that Tarpon or FN-Bank owns, leases or subleases, procure and deliver to Community, at least thirty (30) days prior to the Effective Time of the Merger, owner's title insurance issued in such amounts and by such insurance company reasonably acceptable to Community, which policy shall be free of all material exceptions to Community's reasonable satisfaction.

Section 5.10 Surveys. At the election of Community, with respect to each parcel of real property as to which a title insurance policy is to be procured pursuant to Section 5.9, Tarpon, at Community's expense, will procure and deliver to Community at least thirty (30) days prior to the Effective Time of the Merger, a survey of such real property, which survey shall be reasonably acceptable to and shall be prepared by a licensed surveyor reasonably acceptable to Community, disclosing the locations of all improvements, easements, sidewalks, roadways, utility lines and other matters customarily shown on such surveys and showing access affirmatively to public streets and roads and providing the legal description of the property in a form suitable for recording and insuring the title thereof (the "Survey"). The Survey shall not disclose any survey defect or encroachment from or onto such real property that has not been cured or insured over prior to the Effective Time of the Merger.

Section 5.11 Compliance Matters. Prior to the Effective Time of the Merger, Tarpon shall take, or cause to be taken, all steps reasonably requested by Community to cure any deficiencies actually discovered by Community in prudent loan or credit file documentation or regulatory compliance by Tarpon, FN-Bank or any of their respective subsidiaries, including compliance with Regulation Z of the FRB).

Section 5.12 Exemptions Under Anti-takeover Statutes. Prior to the Effective Time of the Merger, Tarpon will use its best efforts to take all steps required to exempt the transactions contemplated by this Agreement from any applicable state anti-takeover law.

Section 5.13 Building Inspection. At the election of Community, with respect to each parcel of real property as to which a title insurance policy is to be procured pursuant to Section 5.9, Tarpon, at Community's expense, will procure and deliver to Community at least thirty (30) days prior to the Effective Time of the Merger, an inspection of improvements on such real property by a qualified commercial building inspector, reasonably acceptable to Community, addressing, among other things, the structural integrity of such improvements, compliance with current applicable building codes, the weather tightness of the improvements, the operating condition of HVAC and other systems and other related matters.

ARTICLE VI

ADDITIONAL COVENANTS AND AGREEMENTS

Section 6.1 Best Efforts; Cooperation. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its best efforts promptly to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations, or otherwise, including attempting to obtain all necessary Consents, to consummate and make effective, as soon as practicable, the transactions contemplated by this Agreement.

Section 6.2 Regulatory Matters.

(a) Following the execution and delivery of this Agreement, Community and, to the extent required, Tarpon shall cause to be prepared and filed all required applications and filings with the Regulatory Authorities that are necessary or contemplated for the obtaining of the Consents of the Regulatory Authorities or consummation of the Merger. Such applications and filings shall be in such form as may be prescribed by the respective government agencies and shall contain such information as they may require. The parties hereto will cooperate with each other and use their best efforts to prepare and execute all necessary documentation, to effect all necessary or contemplated filings and to obtain all necessary or contemplated permits, consents, approvals, rulings and authorizations of government agencies and third parties which are necessary or contemplated to consummate the transactions contemplated by this Agreement including, without limitation, those required or contemplated from the Regulatory Authorities, and the shareholders of Tarpon. Each of the parties, upon prior written request shall have the right to review and approve, which approval shall not be unreasonably withheld, any filing made with, or written material submitted to, any government agencies in connection with the transactions contemplated by this Agreement.

(b) Each party hereto will furnish the other party with all information concerning itself, its subsidiaries, directors, trustees, officers, shareholders and depositors, as applicable, and such other matters as may be necessary or advisable in connection with any statement or application made by or on behalf of any such party to any governmental body in connection with the transactions, applications or filings contemplated by this Agreement. Upon request, the parties hereto will promptly furnish each other with copies of written communications received by them or their respective subsidiaries from, or delivered by any of the foregoing to, any governmental body in respect of the transactions contemplated hereby.

Section 6.3 Other Matters.

(a) The parties acknowledge that nothing in this Agreement shall be construed as constituting an employment agreement between Community and any officer or employee of Tarpon or FN-Bank or an obligation on the part of Community to employ any such officers or employees.

(b) The parties agree that appropriate steps shall be taken to terminate all employee benefit plans of Tarpon and FN-Bank as of the Effective Time of the Merger, or as promptly as practicable thereafter, except for the health plan currently in effect for employees of FN-Bank, which shall continue to be in effect after the Effective Time of the Merger. Following the termination of all such plans, Community agrees that the officers and employees of Tarpon after the Effective Time of the Merger shall be eligible to participate in Community's employee benefit plans, including welfare and fringe benefit plans on the same basis as and subject to the same conditions as are applicable to any newly-hired employee of Community, but effective at the earliest applicable entry date set forth in such plans..

Section 6.4 Indemnification. Tarpon agrees to indemnify, defend and hold harmless Community and its subsidiaries, and each of their respective present and former officers, directors, employees and agents, from and against all losses, expenses, claims, damages or liabilities to which any of them may become subject under applicable laws (including, but not limited to, the Securities Act of 1933 or the Securities Exchange Act of 1934), and will reimburse each of them for any legal, accounting or other expenses reasonably incurred in connection with investigating or defending any such actions, whether or not resulting in liability, insofar as such losses, expenses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of material fact contained in the S-4/Proxy made by Tarpon or FN-Bank, or any application for any other approval of the transactions contemplated by this Agreement filed with any Regulatory Authority, or arise out of or are based upon the omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 6.5 Current Information. During the period from the date of this Agreement to the Effective Time of the Merger or the time of termination or abandonment hereunder, Community will cause one or more of its designated representatives to confer on a regular and frequent basis with Tarpon and to report with respect to the general status and the ongoing operations of Community.

Section 6.6 Consideration. Community shall pay, issue and deliver the Consideration as and when the same shall be required to be issued and paid pursuant to this Agreement.

ARTICLE VII

MUTUAL CONDITIONS TO CLOSING

The obligations of Community and Tarpon to consummate the transactions provided for herein shall be subject to the satisfaction of the following conditions, unless waived as hereinafter provided for:

Section 7.1 Shareholder Approval. The Merger shall have been approved by the requisite vote of the shareholders of Tarpon.

Section 7.2 Regulatory Approvals. All necessary Consents of the Regulatory Authorities (including effectiveness of the S-4/Proxy with the SEC) shall have been obtained and all notice and waiting periods required by law to pass after receipt of such Consents shall have passed, and all conditions to consummation of the Merger set forth in such Consents shall have been satisfied.

Section 7.3 Litigation. There shall be no actual or threatened causes of action, investigations or proceedings (i) challenging the validity or legality of this Agreement or the consummation of the transactions contemplated by this Agreement, or (ii) seeking damages in connection with the transactions contemplated by this Agreement, or (iii) seeking to restrain or

invalidate the transactions contemplated by this Agreement, which, in the case of (i) through (iii), and in the reasonable judgment of either Tarpon or Community, based upon advice of counsel, would have a material adverse effect with respect to the interests of Tarpon or Community, as the case may be; provided that the foregoing shall not be deemed to include any proceeding brought solely under the Dissent Provisions.

ARTICLE VIII

CONDITIONS TO THE OBLIGATIONS OF COMMUNITY

The obligations of Community to consummate the Merger are subject to the fulfillment of each of the following conditions, unless waived as hereinafter provided for:

Section 8.1 Representations and Warranties. The representations and warranties of Tarpon and FN-Bank set forth in this Agreement and in any certificate or document delivered pursuant hereto shall be true and correct in all material respects as of the date of this Agreement and as of all times up to and including the Effective Time of the Merger (as though made on and as of the Effective Time of the Merger except to the extent such representations and warranties are by their express provisions made as of a specified date and except for changes therein contemplated by this Agreement).

Section 8.2 Performance of Obligations and Settlement of Litigation. Tarpon shall have performed all covenants, obligations and agreements required to be performed by it under this Agreement prior to the Effective Time of the Merger. Tarpon shall have settled the litigation known as *Aris Kazouris vs. Denise Kazouris and First National Bank*, in the Sixth Circuit Court in and for Pinellas County, Florida, Case No. 95-6831-CI-21, for an amount (net of insurance proceeds) not to exceed \$165,000.

Section 8.3 Certificate Representing Satisfaction of Conditions. Tarpon shall have delivered to Community a certificate dated as of the Closing Date as to the satisfaction of the matters described in Sections 8.1 and 8.2 hereof, and such certificate shall be deemed to constitute additional representations, warranties, covenants, and agreements of Tarpon under Article III of this Agreement.

Section 8.4 Absence of Adverse Facts. There shall have been no determination by Community that any fact, event or condition exists or has occurred, which pertains to Tarpon or FN-Bank, whether actual or threatened, that, in the reasonable judgment of Community, (a) would have a material adverse effect on the Condition of Tarpon on a consolidated basis or the consummation of the transactions contemplated by this Agreement, or (b) would be of such material significance with respect to the business or economic benefits expected to be obtained by Community pursuant to this Agreement as to render inadvisable the consummation of the transactions pursuant to this Agreement.

Section 8.5 Opinion of Counsel. Community shall have received an opinion of counsel from Goza & Hall, P.A., or other counsel to Tarpon acceptable to Community, in substantially the form set forth in Exhibit 8.5 hereof.

Section 8.6 Consents Under Agreements. Tarpon shall have obtained the consent or approval of each person (other than the Consents of the Regulatory Authorities) whose consent or approval shall be required in order to permit the continued ownership and exercise of rights with respect to any obligation, right or interest of Tarpon (or FN-Bank) under any loan or credit agreement, note, mortgage, indenture, lease, license, or other agreement or instrument, except those for which failure to obtain such consents and approvals would not in the opinion of Community, individually or in the aggregate, have a material adverse effect on Tarpon or upon the consummation of the transactions contemplated by this Agreement.

Section 8.7 Material Condition. There shall not be any action taken, or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the Merger by any Regulatory Authority which, in connection with the grant of any Consent by any Regulatory Authority, imposes, in the reasonable judgment of Community, any material adverse requirement upon Community or its subsidiaries, including, without limitation, any requirement that Community sell or dispose of any significant amount of the assets of Tarpon or any subsidiary of Community, provided that, except for any such requirement relating to the above-described sale or disposition of any significant assets of Tarpon or any subsidiary of Community, no such term or condition imposed by any Regulatory Authority in connection with the grant of any Consent by any Regulatory Authority shall be deemed to be a material adverse requirement unless it materially differs from terms and conditions customarily imposed by any such authority in connection with the acquisition of banks and bank holding companies using consideration similar to the Consideration under circumstances similar to those herein.

Section 8.8 Matters Relating to Employment and Consulting Agreements. All employment agreements between Tarpon, FN-Bank and any executive or employee thereof shall be terminated in their entirety as of the Effective Time of the Merger, and at the election of Community, replacement employment agreements, which are satisfactory to Community and such employees, between each of such executives or employees and Community or Tarpon shall have been executed and delivered. Effective as of the Effective Time of the Merger, Community shall enter into a consulting agreement with Mary Z. Smitzes, having a term of five (5) years and providing for (i) annual compensation of \$50,000, (ii) payment of premiums under life insurance policies owned by her in effect as of December 31, 1998 and (iii) coverage for medical insurance on terms identical to those in effect as of December 31, 1998.

Section 8.9 Resignation of Officers and Directors. Community shall have received the resignation of all officers and directors of Tarpon who are not designated by Community to act as officers or directors of Tarpon.

Section 8.10 Dissenters. The holders of not more than five percent (5%) of the outstanding Tarpon Shares shall have elected to exercise their right to dissent from the Merger and demand payment in cash for the fair or appraised value of their shares.

Section 8.11 Certification of Claims. Tarpon shall have delivered a certificate to Community that Tarpon is not aware of any pending or threatened claim under the fidelity bond coverage of FN-Bank or Tarpon or any claim for indemnification from Tarpon or FN-Bank by an officer, director, employee or agent of Tarpon or FN-Bank.

ARTICLE IX

CONDITIONS TO OBLIGATIONS OF TARPON

The obligation of Tarpon to consummate the Merger as contemplated herein is subject to each of the following conditions, unless waived as hereinafter provided for:

Section 9.1 Representations and Warranties. The representations and warranties of Community contained in this Agreement or in any certificate or document delivered pursuant to the provisions hereof will be true and correct as of the Effective Time of the Merger (as though made on and as of the Effective Time of the Merger).

Section 9.2 Performance of Obligations. Community and shall have performed all covenants, obligations and agreements required to be performed by them and under this Agreement prior to the Effective Time of the Merger.

Section 9.3 Certificate Representing Satisfaction of Conditions. Community shall have delivered to Tarpon a certificate dated as of the Effective Time of the Merger as to the satisfaction of the matters described in Sections 9.1 and 9.2 hereof, and such certificate shall be deemed to constitute additional representations, warranties, covenants, and agreements of Community under Article IV of this Agreement.

Section 9.4 Absence of Adverse Facts. There shall have been no determination by Tarpon that any fact, event or condition exists or has occurred that in the judgment of Tarpon, (a) would have a material adverse effect on the Condition of Community on a consolidated basis or the consummation of the transactions contemplated by this Agreement or (b) would render the Merger or the other transactions contemplated by this Agreement impractical because of any state of war, national emergency, banking moratorium, or a general suspension of trading on NASDAQ.

Section 9.5 Fairness Opinion. Tarpon shall have obtained an opinion from an investment banking firm approved by Community that the Merger is fair to the holders of the Tarpon Shares.

Section 9.6 Consents Under Agreements. Community shall have obtained the consent or approval of each person (other than the Consents of Regulatory Authorities) whose consent or approval shall be required in connection with the transactions contemplated hereby under any loan or credit agreement, note, mortgage, indenture, lease, license or other agreement

or instrument, except those for which failure to obtain such consents and approvals would not, in the judgment of Tarpon, individually or in the aggregate, have a material adverse effect upon the consummation of the transactions contemplated hereby.

ARTICLE X

TERMINATION, WAIVER AND AMENDMENT

Section 10.1 Termination. This Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time of the Merger:

- (a) by the mutual consent in writing of Community and Tarpon; or
- (b) by Community or Tarpon if the Merger shall not have occurred on or prior to March 31, 2000, provided that the failure to consummate the Merger on or before such date is not caused by any breach of any of the representations, warranties, covenants or other agreements contained herein by the party electing to terminate pursuant to this Section 10.1(b);
- (c) by Community or Tarpon (provided that the terminating party is not then in breach of any representation, warranty, covenant or other agreement contained herein) in the event that any of the conditions precedent to the obligations of the nonterminating party to consummate the Merger cannot be satisfied or fulfilled;
- (d) by Community if (i) Community shall have determined that any fact event or condition exists that, in the reasonable judgment of Community, (A) is materially at variance with any warranty or representation of Tarpon or FN-Bank set forth in the Agreement or is a material breach of any covenant or agreement of Tarpon or FN-Bank contained in the Agreement, (B) pertains to Tarpon or FN-Bank, whether actual or threatened, and which has a material adverse effect upon the Condition of Tarpon on a consolidated basis or upon the consummation of the transactions contemplated by the Agreement, or (C) pertains to Tarpon, FN-Bank or any of their respective subsidiaries and would be of such material significance with respect to the business or economic benefits expected to be obtained by Community under this Agreement so as to render inadvisable consummation of the transactions contemplated by the Agreement; or (ii) there shall be any litigation or threat of litigation (A) challenging the validity or legality of this Agreement or the consummation of the transactions contemplated by this Agreement (other than proceedings brought solely under the Dissent Provisions), (B) seeking damages in connection with the consummation of the transactions contemplated by this Agreement (other than proceedings brought solely under the Dissent Provisions) or (C) seeking to restrain or invalidate the consummation of the transactions contemplated by this Agreement;
- (e) by Tarpon if (i) Tarpon shall have determined that any fact, event or condition exists that, in the judgment of Tarpon, (A) is materially at variance with any warranty or representation of Community contained in the Agreement or is a material breach of any covenant or agreement of Community contained in the Agreement, (B) has a material adverse

effect upon the consummation of the transactions contemplated by the Agreement, or (ii) there shall be any litigation or threat of litigation (A) challenging the validity or legality of this Agreement or the consummation of the transactions contemplated by this Agreement, (B) seeking damages in connection with the consummation of the transactions contemplated by this Agreement or (C) seeking to restrain or invalidate the consummation of transactions contemplated by this Agreement.

Section 10.2 Effect of Termination. In the event of the termination and abandonment of this Agreement, it shall terminate and become void, without liability on behalf of any party, and have no effect, except as otherwise provided herein.

Section 10.3 Effect of Wrongful Termination. Notwithstanding the foregoing provisions of Section 10.2, if the Merger fails to be consummated because of the wrongful termination of this Agreement or a willful, knowing or grossly negligent breach by Community, on the one hand, or Tarpon or FN-Bank, on the other hand, of any representation, warranty, covenant, undertaking, term or restriction contained herein, the other party shall have all rights and remedies afforded by law.

Section 10.4 Amendments. To the extent permitted by law, this Agreement may be amended by a subsequent writing signed by both Community and Tarpon.

Section 10.5 Waivers. Subject to Section 11.10 hereof, prior to or at the Effective Time of the Merger, Community, on the one hand, and Tarpon or FN-Bank, on the other hand, shall have the right to waive any default in the performance of any term of this Agreement by the other, to waive or extend the time for the compliance or fulfillment by the other of any and all of the other's obligations under this Agreement and to waive any or all of the conditions to its obligations under this Agreement, except any condition, which, if not satisfied, would result in the violation of any law or any applicable governmental regulation.

Section 10.6 Non-Survival of Representations and Warranties. The representations, warranties, covenants and agreements in this Agreement or in any instrument delivered by Community or Tarpon shall be in full force and effect until June 30, 2001; provided, however, that any representation or warranty in any agreement, contract, report, opinion, undertaking or other document or instrument delivered hereunder in whole or in part by any person other than Community, Tarpon or FN-Bank (or directors and officers thereof in their capacities as such) shall not so terminate and shall not be so extinguished; and provided further, that no representation or warranty of Community, Tarpon or FN-Bank contained herein shall be deemed to be terminated or extinguished so as to deprive Community, on the one hand, and Tarpon or FN-Bank, on the other hand, of any defense at law or in equity which any of them otherwise would have to any claim against them by any person, including, without limitation, any shareholder or former shareholder of either party. No representation or warranty in this Agreement shall be affected or deemed waived by reason of the fact that Community, Tarpon or FN-Bank and/or its representatives knew or should have known that any such representation or warranty was, is, might be or might have been inaccurate in any respect. Notwithstanding the foregoing, it is agreed and understood that Tarpon's obligations under Section 6.4 hereof shall

not be deemed terminated as of June 30, 2001, as long as the existence of the fact or of the omission of fact has been asserted by Community prior to such date. It is agreed and understood that Tarpon's obligations under Sections 6.4 and this 10.6 hereof shall not be deemed terminated as of June 30, 2001, as long as the existence of the fact or omission of fact has been asserted by Community prior to such date.

Section 10.7 Effect of Breach of Warranties. Neither a breach of the representations and warranties of Tarpon set forth in Article III hereof, on the one hand, nor a breach of the representations of Community in Article IV, on the other hand, shall give rise to any action for monetary damages by the other party but instead the sole and exclusive remedy for such a breach shall be a refusal to consummate the transactions by reason of failure to meet the conditions set forth in Articles VII, VIII and IX as the case may be, or termination of the Agreement as provided in Section 10.1; provided that this section shall not apply to any willful, knowing or grossly negligent breach of a representation or warranty.

ARTICLE XI

MISCELLANEOUS

Section 11.1 Entire Agreement. This Agreement and the documents referred to herein contain the entire agreement among Community and Tarpon with respect to the transactions contemplated hereunder and this Agreement supersedes all prior arrangements or understandings with respect thereto, whether written or oral, including that letter of intent between the parties dated April 19, 1999, as amended. The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors. Nothing in this Agreement, expressed or implied, is intended to confer upon any person, firm, corporation or entity, other than the parties hereto and their respective successors, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 11.2 Notices. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered personally or sent by first class or registered or certified mail, postage prepaid, telegram or telex or other facsimile transmission addressed as follows:

If to Tarpon:

Mary Z. Smitzes
Tarpon Financial Corporation
710 E. Tarpon Avenue
Tarpon Springs, Florida 34689

with a copy to:

Donald Hall, Esq.
Goza & Hall, P.A.
28050 U. S. 19 North, Suite 402
Clearwater, Florida 33761
Facsimile: (727) 796-8908

If to Community:

T. Brinson Brock, Sr.
Community National Bancorporation
561 East Washington Avenue
Box 2619
Ashburn, Georgia 31714-2619
Facsimile: (912) 567-3514

with a copy to:

Daniel D. Dinur, Esq.
Dinur & Associates, P.C.
One Lakeside Common
990 Hammond Drive, Suite 760
Atlanta, GA 30328
Facsimile: (404) 395-3171

All such notices or other communications shall be deemed to have been delivered (i) upon receipt when delivery is made by hand (including overnight courier service), (ii) on the third (3rd) business day after deposit in the United States mail when delivery is made by first class, registered or certified mail, and (iii) upon transmission when made by facsimile transmission if evidenced by a sender transmission completed confirmation.

Section 11.3 Severability. If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other competent authority to be invalid, void or unenforceable or against public or regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement shall remain in full force and effect and in no way shall be affected, impaired or invalidated, if, but only if, pursuant to such remaining terms, provisions, covenants and restrictions the Merger may be consummated in substantially the same manner as set forth in this Agreement as of the later of the date this Agreement was executed or last amended.

Section 11.4 Costs and Expenses. Expenses incurred by Tarpon on the one hand and Community on the other hand, in connection with or related to the authorization, preparation and execution of this Agreement, the solicitation of shareholder approval and all other matters related to the closing of the transactions contemplated hereby, including all fees and expenses of agents,

representatives, counsel and accountants employed by either such party or its affiliates, shall be borne solely and entirely by the party which has incurred same. It is agreed and understood that all such expenses in excess of \$40,000 shall reduce the total Consideration by two times such excess.

Section 11.5 Captions. The captions as to contents of particular articles, sections or paragraphs contained in this Agreement and the table of contents hereto are inserted only for convenience and are in no way to be construed as part of this Agreement or as a limitation on the scope of the particular articles, sections or paragraphs to which they refer.

Section 11.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document with the same force and effect as though all parties had executed the same document.

Section 11.7 Governing Law. This Agreement is made and shall be governed by and construed in accordance with the laws of the State of Florida (without giving effect to its conflicts of laws principles).

Section 11.8 Persons Bound, No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, distributees, and assigns, but notwithstanding the foregoing, this Agreement may not be assigned by any party hereto unless the prior written consent of the other parties is first obtained.

Section 11.9 Exhibits and Schedules. Each of the exhibits and schedules attached hereto is an integral part of this Agreement and shall be applicable as if set forth in full at the point in the Agreement where reference to it is made.

Section 11.10 Waiver. The waiver by any party of the performance of any agreement, covenant, condition or warranty contained herein shall not invalidate this Agreement, nor shall it be considered a waiver of any other agreement, covenant, condition or warranty contained in this Agreement. A waiver by any party of the time for performing any act shall not be deemed a waiver of the time for performing any other act or an act required to be performed at a later time. The exercise of any remedy provided by law, equity or otherwise and the provisions in this Agreement for any remedy shall not exclude any other remedy unless it is expressly excluded. The waiver of any provision of this Agreement must be signed by the party or parties against whom enforcement of the waiver is sought. This Agreement and any exhibit, memorandum or schedule hereto or delivered in connection herewith may be amended only by a writing signed on behalf of each party hereto.

Section 11.11 Construction of Terms. Whenever used in this Agreement, the singular number shall include the plural and the plural the singular. Pronouns of one gender shall include all genders. Accounting terms used and not otherwise defined in this Agreement have the meanings determined by, and all calculations with respect to accounting or financial matters unless otherwise provided for herein, shall be computed in accordance with generally accepted

accounting principles, consistently applied. References herein to articles, sections, paragraphs, subparagraphs or the like shall refer to the corresponding articles, sections, paragraphs, subparagraphs or the like of this Agreement. The words "hereof," "herein," and terms of similar import shall refer to this entire Agreement. Unless the context clearly requires otherwise, the use of the terms "including," "included," "such as," or terms of similar meaning, shall not be construed to imply the exclusion of any other particular elements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered, and their respective seals hereunto affixed, by their officers thereunto duly authorized, and have caused this Agreement to be dated as of the date and year first above written.

TARPON FINANCIAL CORPORATION

By: MARY Z. SMITZES
Name: MARY Z. SMITZES
Chief Executive Officer

ATTEST

Mary Jane S. Lindsay
Name: _____
Secretary

COMMUNITY NATIONAL BANCORPORATION

By: _____
T. Brinson Brock, Sr., President and
Chief Executive Officer

ATTEST

Name: _____
Secretary

accounting principles, consistently applied. References herein to articles, sections, paragraphs, subparagraphs or the like shall refer to the corresponding articles, sections, paragraphs, subparagraphs or the like of this Agreement. The words "hereof," "herein," and terms of similar import shall refer to this entire Agreement. Unless the context clearly requires otherwise, the use of the terms "including," "included," "such as," or terms of similar meaning, shall not be construed to imply the exclusion of any other particular elements.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered, and their respective seals hereunto affixed, by their officers thereunto duly authorized, and have caused this Agreement to be dated as of the date and year first above written.

TARPON FINANCIAL CORPORATION

By: _____
Name: _____
Chief Executive Officer

ATTEST

Name:
Secretary

COMMUNITY NATIONAL BANCORPORATION

By: T. Brinson Brock, Sr.
T. Brinson Brock, Sr., President and
Chief Executive Officer

ATTEST

Lva Rowlett
Name:
Secretary

TABLE OF DISCLOSURE SCHEDULES

3.4	Loan Portfolio
3.5	Certain Loans and Related Matters
3.9	Certain Changes or Events
3.10	Legal Proceedings
3.12(a)	Employee Benefit Plans
3.13(a)	Title and Related Matters
3.13(c)	Operating Condition and Repair
3.14(a)	Legal Description of Real Estate
3.14(b)	Leases and Subleases
3.15(e)(iii)	Releases of Hazardous Material
3.16	Commitments and Contracts
3.19	Policies of Insurance
3.21	Compliance with Laws
3.22	Transactions with Management
4.3	Conflicts, Breaches or Defaults
4.6	Legal Proceedings
5.1(b)(v)	Certain Parcels of Real Property

Disclosure Schedule 3.4

Loan Portfolio

None.

Disclosure Schedule 3.13(c)

Operating Condition and Repair

None.

Disclosure Schedule 3.14(b)

Leases and Subleases

None.

Disclosure Schedule 3.15(e)(iii)

Releases of Hazardous Material

None.

Disclosure Schedule 3.5
to Agreement and Plan of Merger
of Community National Bancorporation
and Tarpon Financial Corporation

NEITHER TARPON NOR FN-BANK IS A PARTY TO:

(i) Written or oral loan agreements, notes or borrowing arrangements, other than credit card loans and other loans the unpaid balance of which does not exceed \$5,000.00 per loan, under the terms of which the obligor is sixty (60) days delinquent in payment of principal or interest or in default of any other provision as of the date hereof:

1. Antoinette Kalafatis / Loan #1017429/001
2. Suncoast Shopper / Loan #1017348/001
3. Brothers, Inc. / Loan #1017205/004

(ii) Loan Agreement, note or borrowing arrangement classified or should have been classified as "substandard", "doubtful", "loss", "other loans especially mentioned", "other assets especially mentioned", or any comparable classifications:

See Attached List.

(iii) Loan Agreement, note or borrowing arrangement, including any loan guaranty, with any director or executive officer of Tarpon or FN-Bank or any ten percent (10%) shareholder of Tarpon, or any person, corporation or enterprise controlling, controlled by or under common control with any of the foregoing:

See Attached List.

(iv) Loan Agreement, note or borrowing arrangement in violation of any law, regulation or rule applicable to Tarpon or FN-Bank:

No.

(Schedule 3.5 (ii))

SPECIAL MENTION

As of 6/30/99

<u>Customer</u>	<u>Loan No.</u>	<u>Status</u>	<u>Balance</u>
D.W. Taylor*	1017462/001	81 days pd	1,626.43
D.W. Taylor*	1017282/001	74 days pd	385.97
D. Taylor, et al*	1017072/001	16 days pd	49,012.16
P. Saroukos*	1004521/0503	37 days pd	27,031.79
Suncoast Shopper*	1017348/001	105 days pd	2,614.20
Don Taylor*	1006916/0838	37 days pd	9,575.97
Don Taylor*	1017316/001	13 days pd	21,623.33
J/G Lehr*	1014404/2057	55 days pd	59,682.78
Brothers, Inc.*	1017205/004	Post Maturity	2,036.17
P. Lehr*	1014391/2056	55 days pd	44,091.01
Wm. J./Linda White*	1017220/001	Bank Attny	10,352.44

*Secured Loan

(Schedule 3.5 (iii))

DIRECTOR/EXECUTIVE LOANS
LOAN BALANCES AS OF 6/30/99

Mary Jane Smitzes Lindsay
Director, Vice President

Loan No.	Balance	Type Loan	Past Due
1017259/001	2,652.15	601(s)	No
1017259/003	3,065.65	601(s)	No
1017525/001	4,223.38	601(s)	No
1017532/001	17,675.68	601(s)	No
1017555/001	1,511.17	602	No

Barbara E. Richards
Interim President & CEO & Director

1017325/001	33,658.95	503	No
1017535/001	65,125.73	601(s)	No
1017481/001	4,691.30	601(s)	No

Raymond C. Stinson
Vice President & Director

1014815/001	93,020.05	503	No
1017353/001	22,104.82	601(s)	No
1017515/001	12,159.27	601(s)	No
1017471/001	1,247.79	601(s)	No

Type Loan 503 – Residential ARM
601 – Consumer, Installment secured (s)
602 – Consumer, Term

Disclosure Schedule 3.9

Certain Changes or Events

Any changes caused by a computer program that will not correctly process date data from, into and between the twentieth and twenty-first centuries, including leap year calculations, and any program that contains any disabling codes that would disable the program or impair in any way its operation based on the elapsing of a period or time or that would permit the access of the program to cause such disablement or impairment.

Disclosure Schedule 3.10

Legal Proceedings

Claim of Bank Atlantic for reimbursement of two checks totaling \$13,000 by reason of alleged stop-payment of checks for accountholder, ICC Business Credit, Inc.

Disclosure Schedule 3.12(a)

Employee Benefit Plans

1. Group health disability and life insurance coverage with Florida Bankers Insurance Trust, Orlando, Florida, paid for each employee by FN-Bank.
2. Dental insurance coverage by Cigna.

[Description of benefits previously supplied.]

Disclosure Schedule 3.13(a)

Title and Related Matters

None.

Disclosure Schedule 3.14(a)

Legal Description of Real Property

1. FN-Bank Building. West 50 feet of Lot 1, and Lot 2, less the West 100 feet and less the North 160 feet of the East 50 feet of the West 150 feet, Block 36, Official map of Tarpon Springs, according to the plat thereof, recorded in Plat Book 4, page 78, Public Records of Pinellas County, Florida, and further LESS AND EXCEPT the area containing the buildings and improvements situate thereon which are more specifically described as follows:

- (a) Horizontal Boundaries. The upper and lower horizontal boundaries of the Building Parcel shall be the following boundaries extended to an intersection with the perimeter boundaries:
 - (1) The upper horizontal boundary shall be the horizontal plane between the top of the finished roof of the Building Parcel and drive-in teller facilities.
 - (2) The lower horizontal boundary shall be the horizontal plane between the bottom of the foundation of the Building Parcel and drive-in teller facilities.
- (b) Perimeter Boundaries. The perimeter boundaries of the Building Parcel shall be the finished surface of the exterior of the Building Parcel extended to the intersection with each other and with the upper and lower horizontal boundaries.

3. Parcel of Land Adjacent to FN-Bank Building Property.

PARCEL 1: That part of the West 100 feet of Lot 2, in Block 36 of TOWN OF TARPON SPRINGS lying South of the right of way of Tampa and Gulf Coast Railroad, according to the Plat thereof as recorded in Plat Book 4, pages 78 and 79, of the Public Records of Pinellas County, Florida.

PARCEL 2: That part of the abandoned right of way of Tampa and Gulf Coast Railroad, bysecting the West 100 feet of Lot 2 in Block 36 of the TOWN OF TARPON SPRINGS, according to the Map or Plat thereof as recorded in Plat Book 4, pages 78 and 79, of the Public Records of Pinellas County, Florida.

**Disclosure Schedule 3.16
to Agreement and Plan of Merger
of Community National Bancorporation
and Tarpon Financial Corporation**

Any employee contract or understanding, labor contract, lease with payments aggregating \$5,000.00 or more, or any other contract or agreement which would be required to be disclosed in reports filed by Tarpon with the OCC or the FRB, and which has not been so disclosed:

1. Consulting Agreement between Mary Z. Smitzes and FN-Bank dated April 28, 1999.
2. Data processing servicing agreement between FN-Bank and M & I Data Services with an effective date of October 4, 1994 and expiration date of October 3, 1999 which was subsequently renewed for one (1) year through October 3, 2000.

Disclosure Schedule 3.19

Policies of Insurance

Previously supplied.

§ C D X

**Disclosure Schedule 3.21
to Agreement and Plan of Merger
of Community National Bancorporation
and Tarpon Financial Corporation**

Violations:

1. Any possible violations caused by a computer program that will not correctly process date data from, into and between the 20th and 21st centuries, including leap year calculations and any program that contains any disabling codes that would disable the program or impair in any way its operation based on the elapsing of a period of time or that would permit the access of the program to cause such disablement or impairment.

**Disclosure Schedule 3.22
to Agreement and Plan of Merger
of Community National Bancorporation
and Tarpon Financial Corporation**

Contracts with or commitments to present or former stockholders, directors, officers or employees involving the expenditure of more than \$1,000.00 as to any one individual, including, with respect to any business directly or indirectly controlled by any such person, or \$5,000.00 for all such contracts for commitments in the aggregate for all such individuals:

1. Consulting Agreement between Mary Z. Smitzes and FN-Bank dated April 28, 1999.

Disclosure Schedule 4.3

Conflicts, Breaches or Defaults

None.

Disclosure Schedule 4.6

Legal Proceedings

None.

Disclosure Schedule 5.1(b)(v)

Certain Parcels of Real Property

None.