

**AGREEMENT BY AND BETWEEN**

**Advanta National Bank  
Wilmington, Delaware  
and  
The Office of the Comptroller of the Currency**

Advanta National Bank, Wilmington, Delaware (Bank) and the Comptroller of the Currency of the United States of America (Comptroller) wish to protect the interests of the depositors, other customers, and the shareholder of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

On May 31, 2000, the Bank consented to the issuance of a Consent Order (Consent Order) by the Comptroller, the terms of which require the Bank's development and implementation of certain policies, plans and procedures governing, among other matters, the Bank's ongoing operations, capital levels, loan loss reserves and residual asset valuations.

On July 28, 2000, the Bank and the Comptroller entered into a written Agreement (hereinafter referred to as the "2000 Agreement") pursuant to 12 U.S.C. § 1818(b) so as to further clarify and interpret certain Articles found in the Consent Order.

On or about January 8, 2001, the Bank's parent, Advanta Corp., entered into a Purchase and Sale Agreement with Chase Manhattan Mortgage Corporation (Chase Mortgage). Pursuant to the terms of this Purchase and Sale Agreement, Advanta Corporation has agreed to sell certain assets, including the real estate loans owned by the Bank as well as the Bank's ownership interests in certain residual assets, to Chase Mortgage. The closing is expected to occur on or before February 28, 2001.

In light of the Bank's decision to sell its loans and residual assets, the Bank and the Comptroller now desire to enter into this Agreement (hereto referred to as the "2001 Agreement") to further clarify and interpret certain provisions of the Consent Order.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (Board), and the Comptroller, through his authorized representative, that after the closing of the Purchase and Sale Agreement, the Bank shall operate at all times in compliance with the articles of this 2001 Agreement.

## ARTICLE I

### JURISDICTION

(1) This 2001 Agreement shall be construed to be a "written agreement entered into with the agency" within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This 2001 Agreement shall be construed to be a "written agreement between such depository institution and such agency" within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This 2001 Agreement shall be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This 2001 Agreement shall be construed to be a "written agreement" within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports, plans and other written submissions which the Bank or Board has agreed to submit to the Comptroller pursuant to this 2001 Agreement shall be forwarded to:

Timothy W. Long  
Deputy Comptroller for Large Bank Supervision  
Office of the Comptroller of the Currency  
250 E St., S.W.  
Washington, D.C. 20219

with a copy sent to:

Douglas Tornese  
National Bank Examiner  
Office of the Comptroller of the Currency  
Four Greenwood Square  
3325 Street Road, Suite 120  
Bensalem, PA 19020

## ARTICLE II

### NEW BUSINESS ACTIVITIES AND/OR PRODUCT LINES

(1) Effective immediately, the Bank agrees that it will not enter into, nor commence, any new business activities and/or product lines (including the origination and/or servicing of new mortgage loans after the closing on the Purchase and Sale Agreement) without the prior written approval of the Deputy Comptroller for Large Bank Supervision (“Deputy Comptroller”) or his successor, which approval the Bank agrees may be withheld at the sole discretion of the Deputy Comptroller.

(2) Effective immediately and for so long as this 2001 Agreement remains outstanding, prior to engaging in any new business activities or product lines as set forth in paragraph 1 of this Article, the Bank shall submit the following materials to the Deputy Comptroller for review:

(a) A detailed description of the proposed new business activities or product lines, including an analysis of the changes that will be required in the Bank’s charter, Articles of Incorporation, and/or bylaws because of the new activities or lines in which the Bank will engage.

(b) Evidence that the Bank has, or will have in place, competent management, including members of the board of directors, with the necessary ability and experience, prior to engaging in the new business activities or product lines. This submission shall include updated

biographical and financial reports on all Bank insiders and senior executive officers (as that term is defined in 12 C.F.R. § 5.51). The Bank shall provide a detailed description of the terms of any base and incentive compensation, including bonuses and stock options, that will be paid, or could be paid, to the Bank's management in connection with the Bank's operations.

(c) A detailed analysis, and all pertinent supporting documentation, regarding the new credit and collateral standards, risk management processes and internal audit program that will be employed in connection with the Bank's proposed new business activities or product lines.

(d) Evidence that the Bank has or will have in place sufficient capitalization prior to engaging in the new business activities or product lines so as to be able to support the projected volume and type of business activities or product lines. The Bank shall submit, inter alia, the formula or basis it used to arrive at the proposed capital structure, as well as provide an analysis as to how the proposed capital structure will be adequate relative to market factors, the Bank's planning and financial assumptions, and its projected organization and operating expenses.

(e) An analysis of debt service requirements and obligations for any debt that has been or will be issued at the holding company or parent company level.

(f) The terms of any plan to issue preferred stock.

(g) Evidence that the Bank will achieve and maintain profitability after engaging in the new business activities or product line. Included within that evidence should be a description of the geographical areas and customer groups from which the Bank proposes to draw approximately seventy five percent (75%) of its new business; an analysis of the Bank's proposed markets in terms of economic characteristics; an analysis of anticipated changes in the

market and the effect that such changes will have on the Bank's new business activities or product line; a list of any potential competitors in the Bank's target market area; a discussion of major planning assumptions (such as market growth, interest rates, cost of funds, and competition) for the market analysis that were used in developing the Bank's new plans and objectives; and appropriate financial projections, including a projected balance sheet, and income and expense statement.

(h) Any material information that relates to the then current financial condition of Advanta Corporation or any of its subsidiaries or affiliates.

(i) Copies of all existing and proposed contracts with vendors, affiliates, service providers and other third parties that are relevant to the proposed new business activities or product line.

(j) Any other evidence necessary to establish that the Bank will be operated in a safe and sound manner after engaging in the new business activities or product line; and

(k) Any other evidence that the Deputy Comptroller deems necessary in order to reach a determination as to whether the Bank should be permitted to engage in the new business activities or product lines.

### ARTICLE III

#### DECLARATION OF DIVIDENDS AND REDUCTIONS IN CAPITAL

(1) Effective immediately, the Bank shall not declare or pay a dividend, or make a capital distribution, without obtaining the prior written approval of the Deputy Comptroller.

## ARTICLE IV

### CONTINUING DESIGNATION AS A TROUBLED INSTITUTION

(1) The Bank previously was determined by the OCC to be in “troubled condition,” and as such, continues to be subject to certain requirements regarding changes in the composition of the Bank’s Board and/or senior executive officers, which requirements are detailed in Section 914 of the Financial Institutions Reform, Recovery, and Enforcement Act (“FIRREA”) (12 U.S.C. § 1831i) and 12 C.F.R. § 5.51.

(2) Because of its continuing designation as a troubled institution, nothing in this 2001 Agreement shall relieve the Bank of its on-going obligations under 12 U.S.C. § 1831i and 12 C.F.R. § 5.51 to secure the written approval of the Deputy Comptroller before adding or replacing any Board member or employing any senior executive officer.

## ARTICLE V

### SETTLEMENT OF BANK’S LIABILITIES

(1) On or before February 27, 2001, the Bank shall develop and submit to the Comptroller for approval a plan for the orderly suspension and settlement of the Bank’s liabilities, without any loss or cost to the Federal Deposit Insurance Corporation Bank Insurance Fund (the Settlement Plan).

(2) The Settlement Plan shall address, inter alia, the Bank’s plans to defease, sell, payoff, retire or otherwise dispose of all of the Bank’s insured deposits on or before February 28, 2001. In addition, Settlement Plan shall address the Bank’s plans to provide for its remaining current and contingent liabilities, including those related to the Bank’s current litigation. Also, the Settlement Plan shall address the Bank’s plan for the declaration or payment of any dividends, or capital distributions, at any time during the Settlement period.

(3) The Settlement Plan shall be submitted to the Deputy Comptroller for review and approval. Upon approval by the Deputy Comptroller, the Settlement Plan shall become immediately effective.

(4) The Bank shall seek the prior approval of the Deputy Comptroller for any material departure from the Settlement Plan.

## ARTICLE VI

### COMPLIANCE COMMITTEE

(1) The Board shall create a committee composed of at least three Bank officers or members of the Board (the Compliance Committee) which shall be responsible for ensuring, monitoring and coordinating the Bank's compliance and implementation of the provisions of Article V of this 2001 Agreement.

(2) Within twenty (20) days of the effective date of approval of the Settlement Plan, and every month thereafter until the orderly resolution of the Bank's affairs has been completed, the Compliance Committee shall submit a written report to the Board setting forth in detail all actions taken to comply with and implement each provision of Article V, and the results of those actions. The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Deputy Comptroller.

## ARTICLE VII

### MODIFICATION OF EXISTING CAPITAL REQUIREMENTS

(1) Following the Deputy Comptroller's approval of the Settlement Plan, and on the condition that the closing of the Purchase and Sale Agreement has occurred on or before February 28, 2001, the Bank's capital maintenance obligations under paragraph 1 of Article II of

the Consent Order shall be deemed to be modified, and the Bank will be obligated to achieve and thereafter maintain the following minimum capital levels:

- (a) Tier 1 risk-based capital ratio at least equal to 12.7%;
- (b) Total risk-based capital ratio at least equal to 12.7%; and
- (c) A leverage ratio at least equal to 5%.

For purposes of calculating the leverage ratio in (c) above, the Bank may use the Bank's actual assets at the end of the first quarter of 2001 instead of the average total assets during that quarter. However, commencing in the second quarter of 2001, and continuing thereafter, for purposes of calculating the Bank's leverage ratio, the Bank shall use its average total assets for the respective calendar quarter of operation.

(2) Paragraph 1 of this Article is not intended to, and shall not be construed to have the effect of, an approval by the Deputy Comptroller for the Bank's declaration or payment of any dividend or make a capital distribution.

## ARTICLE VIII

### CONCLUDING PROVISIONS

(1) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this 2001 Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(2) Any time limitations imposed by this 2001 Agreement shall begin to run from the effective date of this 2001 Agreement. Such time requirements may be extended in writing by the Comptroller or his duly authorized representative for good cause upon written application by the Board.



(3) In each instance in this 2001 Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board will exercise best efforts to (i) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this 2001 Agreement; (ii) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this 2001 Agreement; (iii) follow-up on any non-compliance with such actions in a timely and appropriate manner; and (iv) require corrective action to be taken in a timely manner of any non-compliance with such actions.

(4) The provisions of this 2001 Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the 2001 Agreement or excepted, waived, or terminated in writing by the Comptroller.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

Signed

2-28-01

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Timothy W. Long  
Deputy Comptroller--Large Bank Supervision  
Office of the Comptroller of the Currency

\_\_\_\_\_  
Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

Signed	2/27/01
_____	_____
Dennis Alter, Chairman of the Board	Date
Signed	2/27/01
_____	_____
William A. Rosoff, Vice Chairman	Date
Signed	2/27/01
_____	_____
Jeffrey D. Beck, Director	Date
Signed	2/27/01
_____	_____
James L. Shreero, Director	Date
Signed	2/27/01
_____	_____
Philip M. Browne, Director	Date