

#2002-139

AGREEMENT BY AND BETWEEN
Community First Bank, N.A.
Reynoldsville, PA
and
The Office of the Comptroller of the Currency

Community First Bank, N.A., Reynoldsville, PA (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 shareholders 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.

The Comptroller, through his/her National Bank Examiner, has examined the Bank, and his/her findings are contained in the Report of Examination, dated October 9, 2001 (ROE).

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/her authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

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

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Pittsburgh Field Office
Corporate One Office Park, Suite 300
4075 Monroeville Boulevard
Monroeville, PA 15146

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days, the Board shall appoint a Compliance Committee of at least four (4) directors, none of whom shall be employees of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within fifteen (15) days of the appointment of the Committee and every thirty (30) days thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) actions taken to comply with each Article of this Agreement; and
- (b) the results of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller.

ARTICLE III

ACTION PLAN

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written action plan detailing the Board's assessment of what needs to be done to improve the Bank including improvements of Board and management supervision, risk management practices, and its audits and controls, as set forth in this Agreement. The plan shall specify how the Board will implement the plan, and set forth a timetable for the implementation of the plan, list the person(s) responsible for actionable items within the plan, and establish appropriate procedures for the implementation of the plan.

(2) Upon completion of the plan, the Bank shall submit the plan to the Assistant Deputy Comptroller for review.

(3) In the event the Assistant Deputy Comptroller recommends changes to the Action Plan, the Board shall immediately incorporate those changes into the plan.

(4) The plan shall be implemented pursuant to the time frames set forth within the plan unless events dictate modifications to the plan. Where the Board considers changes appropriate, those changes shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE IV

MANAGEMENT AND BOARD SUPERVISION STUDY

(1) Within forty-five (45) days the Board shall employ an independent, outside management consultant. Prior to employment of the consultant, the name and the qualifications of the consultant considered for employment along with the corresponding contract or proposed engagement letter shall be submitted to the Assistant Deputy Comptroller, who shall have the power of veto over the employment of the proposed consultant. However, failure to exercise such veto power shall not constitute approval or endorsement of the consultant.

(2) Within forty-five (45) days after employment per paragraph (1), the consultant shall complete a study of current management and Board supervision presently being provided to the Bank, the Bank's management structure, and its staffing requirements in light of the Bank's present condition. The findings and recommendations of the consultant shall be set forth in a written report to the Board. At a minimum, the report shall contain:

- (a) the identification of present and future management and staffing requirements of each area of the Bank, with particular emphasis given to the financial area;
- (b) detailed written job descriptions for senior management;
- (c) an evaluation of each manager's qualifications and abilities and a determination of whether each of these individuals possesses the experience and other qualifications required to perform present and anticipated duties of his/her position;
- (d) recommendations as to whether management or staffing changes should be made, including the need for additions to or deletions from the current management team;

- (e) objectives by which management's effectiveness will be measured;
- (f) a training program to address identified weaknesses in the skills and abilities of the Bank's staff and management team;
- (g) an evaluation of current lines of authority, reporting responsibilities and delegation of duties for senior management, including identification of any significant overlapping duties or responsibilities;
- (h) a recommended organization chart that clearly reflects areas of responsibility and lines of authority for senior management, including the Bank's president/chief executive officer;
- (i) an assessment of the Board's strengths and weaknesses along with a director education program designed to strengthen identified weaknesses;
- (j) an assessment of whether Board members are receiving adequate information on the operation of the Bank to enable them to fulfill their fiduciary responsibilities and other responsibilities under law;
- (k) recommendations to expand the scope, frequency and sufficiency of information provided to the Board by management;
- (l) recommendations to correct or eliminate any other deficiencies in the supervision or organizational structure of the Bank.

(3) Within thirty (30) days of completion of this study, the Board shall develop a written plan, including specific time frames and persons or groups responsible for correcting deficiencies noted in the study.

(4) Upon completion of the Board's plan, copies of that plan and the consultant's study shall be forwarded to the Assistant Deputy Comptroller for prior determination of no

supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall adopt, implement, and ensure the Bank's adherence to the plan.

(5) The plan shall be implemented pursuant to the time frames set forth within the plan unless events dictate changes to the plan. Where the Board considers changes appropriate, those changes shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

ARTICLE V

STRATEGIC PLAN

(1) Within one hundred fifty (150) days, the Board shall develop a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, products or market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

- (a) an assessment of the Bank's present and future operating environment;
- (b) the development of strategic goals and objectives to be accomplished over the short and long term;
- (c) an evaluation of the Bank's internal operations, staffing requirements, Board and management information systems and policies and procedures

for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article;

- (d) a management employment and succession program to promote the retention and continuity of capable management;
- (e) an action plan to improve Bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;
- (f) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan;
- (g) control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;
- (h) specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and
- (i) systems to monitor the Bank's progress in meeting the plan's goals and objectives.

(2) Upon completion, the Bank's strategic plan shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall adopt, implement and ensure the Bank's adherence to the strategic plan.

(3) The plan shall be implemented pursuant to the time frames set forth within the plan unless events dictate changes to the plan. Where the Board considers changes appropriate,

those changes with supporting reasons shall be submitted in writing to the Assistant Deputy Comptroller for prior determination of no supervisory objection.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plans developed pursuant to this Article.

ARTICLE VI

PROFIT PLAN

(1) Within sixty (60) days, the Board shall develop a revised profit plan for calendar year 2002 to account for extraordinary and other expenses associated with this Agreement and any other significant changes in the bank's business strategy.

(2) In consideration of the Bank's strategic plan developed in Article V, within one hundred and eighty (180) days, the Board shall develop a plan to improve and sustain the earnings of the Bank. This plan shall include, at minimum, the following elements:

- (a) identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;
- (b) realistic and comprehensive budgets, including projected balance sheets and year-end income statements; and
- (c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections with focus on substantive variances.

(3) Upon completion of each plan under sections (1) and (2), the Board's profit plan shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant

Deputy Comptroller, the Board shall implement and ensure the Bank's adherence to the profit plan.

(4) The budgets and related documents for 2002 required in subparagraph (1)(b) above shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in subparagraph (1)(b) above for each year this Agreement remains in effect. The budget for each year shall be submitted on or before November 30, of the preceding year.

ARTICLE VII

CAPITAL PLAN

(1) In consideration of the profit plan under Article VI (1), within 120 days, the Bank shall develop a one year capital plan for calendar year 2002. This one year plan shall include, at a minimum:

- (a) specific plans for the maintenance of adequate capital;
- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank may strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and

- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital plan;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60, and
 - (iii) with prior determination of no supervisory objection by the Assistant Deputy Comptroller.

(2) In consideration of the profit plan developed under Article VI (2) and the Bank's strategic plan developed in Article V, within one hundred eight (180) days, the Board shall develop a three-year capital plan. This three-year capital plan shall include, at a minimum, all items listed under this Article, subparagraph (1), sections (a) through (f).

(3) Upon completion of each plan, the plan shall be submitted to the Assistant Deputy Comptroller for prior determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall implement and ensure the Bank's adherence to each plan. The Board shall review and update the Bank's capital plan on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(4) Each capital plan shall be implemented pursuant to the time frames set forth in the plan unless events dictate changes to the plan. Where the Board considers changes appropriate, those changes with supporting reasons shall be submitted in writing to the Assistant Deputy Comptroller for prior determination of no supervisory objection.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

ARTICLE VIII

VIOLATIONS OF LAW

(1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination. The monthly progress reports required by Article XVII of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) The Bank may, directly or indirectly, pay money or its equivalent to or for the benefit of, or extend credit in any form to or for the benefit of, its affiliates (as defined in 12 U.S.C. §§ 221a and 371c), or transfer assets between the Bank and its affiliates, or enter into or engage in any transaction that obligates the Bank to do the same only after:

- (a) the Board has conducted an independent review of the action, that is documented in writing;
- (b) the Board has determined in writing that it is advantageous for the Bank to engage in such action, and that the action complies with all applicable laws, rules, regulations, and Comptroller's issuances, including, but not limited to 12 U.S.C. §§ 371c and 371c-1.
- (c) The Board determines that such action does not result in noncompliance with any Article in this Agreement or with the Bank's adopted strategic, profitability, and capital plans.

(3) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall

adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(4) Within sixty (60) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures preventing future violations as cited in the ROE and general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.

(5) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

ARTICLE IX

INTERNAL AUDIT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program. In formulating this program, the Board shall refer to the Internal and External Audit booklet of the Comptroller's Handbook. The program shall be sufficient to:

- (a) detect irregularities in the Bank's operations;
- (b) determine the Bank's level of compliance with all applicable laws, rules and regulations;
- (c) evaluate the Bank's adherence to established policies and procedures;
- (d) ensure adequate audit coverage in all areas; and

(e) establish an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board, or a committee thereof, shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the audit function is supported by a qualified and adequately staffed department or qualified outside firm, with respect to both the experience level and number of the individuals employed.

(4) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board or its designated audit committee, that shall have the sole power to direct their activities. All reports prepared by the auditor(s) shall be filed directly with the Board and not through any intervening party.

(5) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditor(s) maintain a written record describing those actions.

(6) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(7) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller.

ARTICLE X

INTEREST RATE RISK MANAGEMENT

- (1) Within thirty (30) days, the Board shall:
 - (a) hire a qualified outside vendor to provide an interim interest rate risk measurement system to quantify the Bank's level of interest rate risk and provide monthly management and Board reports;
 - (b) develop, implement, and ensure adherence to written and prudent investment strategies for the actual and potential principal returned on the Bank's mortgage-backed securities and municipal bonds; and
 - (c) develop, implement, and ensure adherence to written contingencies plans for interest rate risk scenarios with trigger points for specific action.

(2) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written interest rate risk management program. In formulating this program, the Board shall refer to the Interest Rate Risk booklet of the Comptroller's Handbook.

The program shall include, at a minimum, the following:

- (a) appropriate technical and human resources to ensure effective risk management, audit and internal controls;
- (b) written policies and procedures that reflect the Board's goals, objectives, and risk tolerances; and include, at a minimum:
 - (i) establishment and guidance of the Bank's strategic direction and tolerance for interest rate risk;
 - (ii) prudent limits on the nature and amount of interest rate risk that can be taken; and
 - (iii) periodic review of the Bank's adherence to the policy.

- (c) responsibility and authority for identifying potential interest rate risk arising from new or existing products and activities;
- (d) establishing and maintaining an interest rate risk measurement system that can identify and quantify the Bank's major sources of interest rate risk in a timely manner;
- (e) periodic validation of the risk measurement system;
- (f) reports on the Bank's interest rate risk profile with appropriate frequency and complexity commensurate with the Bank's risk; and
- (g) risk limits based on the Bank's strategies and activities, its past performance, the level of earnings and capital available to absorb potential losses, and the Board's tolerance for risk.

(3) Upon adoption, a copy of the written description of this program and a copy of the interest rate risk policy and procedures shall be promptly submitted to the Assistant Deputy Comptroller for review.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article. If necessary, the Board shall employ an outside consultant to ensure that the requirements of this Article are met within the agreed upon timeframes.

ARTICLE XI

LIQUIDITY RISK MANAGEMENT

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written liquidity risk management program. In formulating this policy, the

Board shall refer to the Liquidity and Funds Management booklet of the Comptroller's Handbook. The program shall include, at a minimum, the following:

- (a) a process to ensure the timely identification of the Bank's primary sources of liquidity risk;
- (b) a risk measurement system that effectively captures and communicates the Bank's liquidity risk commensurate with the complexity of the Bank's activities;
- (c) periodic validation of the risk measurement system;
- (d) liquidity ratios and risk limits based on the Bank's strategies and activities, its past performance, the level of earnings and capital available to absorb potential losses, and the Board's tolerance for risk;
- (e) a written Liquidity and Asset/Liability Management policy that includes, at a minimum:
 - (i) the general membership and responsibilities of the Asset/Liability Committee;
 - (ii) the liquidity, maturity and pledging requirements of the investment portfolio;
 - (iii) development of a liquidity contingency plan;
 - (iv) the nature, extent and purpose of Bank borrowings;
 - (v) investment strategies;
 - (vi) limits on concentrations of funding sources; and
 - (vii) periodic review of the Bank's adherence to the policy;

- (f) management and Board reports on the level and trend of the Bank's liquidity; and
- (g) integration of the contingency funding plan into the ongoing liquidity risk management process.

(2) Upon adoption, a copy of the written liquidity risk management program and Liquidity and Asset/Liability Management policy shall be promptly submitted to the Assistant Deputy Comptroller.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program required by this Article. If necessary, the Board shall employ an outside consultant to ensure the requirements under this Article are met within the agreed upon timeframes.

ARTICLE XII

COMMERCIAL LOAN ADMINISTRATION

(1) Within one hundred fifty days (150) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a program which provides for:

- (a) timely and comprehensive ongoing financial analysis of borrowers and guarantors to assure accurate risk rating of commercial loans;
- (b) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function;
- (c) adequacy of credit and collateral documentation; and
- (d) identification and management of concentrations of credit.

(2) Beginning June 30, 2002, on a quarterly basis management will provide the Board with written reports including, at a minimum, the following information:

- (a) the identification, type, rating, and amount of problem loans;
- (b) the identification and amount of delinquent loans;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) an analysis of concentrations of credit;
- (f) the identification and amount of loans to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (g) the identification of loans not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending policies.

ARTICLE XIII

CREDIT AND COLLATERAL EXCEPTIONS

(1) Within one hundred twenty (120) days, the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination.

ARTICLE XIV

CREDIT EXTENSIONS AND RENEWALS

(1) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit only after:

- (a) documenting the specific reason or purpose for the extension, renewal, or alteration of credit;
- (b) identifying the expected source of repayment in writing;
- (c) structuring the repayment terms to coincide with the expected source of repayment;
- (d) obtaining and analyzing current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.
- (f) Failure to obtain the information in subparagraph (1)(d) above shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information required in subparagraph (1)(d) would be detrimental to the best interests of the Bank.
- (g) A copy of the Board certifications shall be maintained in the credit file of the affected borrowers to be reviewed by National Bank Examiners in subsequent examinations.

ARTICLE XV

INTERNAL LOAN REVIEW

(1) The Board shall within ninety (90) days designate sufficient staff or employ a qualified third party to ensure the timely and independent identification of problem loans. The internal loan review system shall provide for periodic written status reports to be filed with the Board after each review. Such reports shall, at a minimum, include conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans;
- (b) credit and collateral documentation exceptions;
- (c) concentrations management;
- (d) the credit quality of loans to executive officers, directors, and principal shareholders (and their related interests) of the Bank;
- (e) compliance with credit related law, rule or regulation;
- (f) the quality of the consumer, indirect auto dealer, and credit card portfolios;
- (g) loans not in conformance with the Bank's lending policies, and exceptions to the Bank's lending policies, and
- (h) at least annually, the overall quality of the loan portfolio and credit administration.

(2) A written description of the program called for in this Article shall be forwarded to the Assistant Deputy Comptroller upon implementation.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article.

(4) The Board shall evaluate the internal loan review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(5) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be preserved in the Bank.

ARTICLE XVI

CALL REPORTS

(1) Within ninety (90) days, the Board shall adopt and cause the Bank to implement policies and procedures, in accordance with the Instructions for Preparation of Consolidated Reports of Condition and Income, to ensure that all official and regulatory reports filed by the Bank accurately reflect the Bank's condition as of the date that such reports are submitted. Thereafter the Board shall ensure Bank adherence to the policies and procedures adopted pursuant to this Article.

(2) Upon completion of the policies and procedures, the Board shall submit a copy to the Assistant Deputy Comptroller.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policies developed pursuant to this Article.

ARTICLE XVII

PROGRESS REPORTING - MONTHLY

(1) The Board shall submit monthly progress reports to the Assistant Deputy Comptroller, Corporate One Office Park, Suite 300, 4075 Monroeville Boulevard, Monroeville, PA 15146. These reports shall set forth in detail:

- (a) actions taken since the prior progress report to comply with each Article of this Agreement;
- (b) results of those actions; and
- (c) a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports should also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the ROE or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending May 31, 2002 and will be due within fifteen (15) days of that date. Thereafter, progress reports shall be submitted within fifteen (15) days after the month end.

ARTICLE XVIII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or approval, the Board has the ultimate responsibility for proper and sound management of the Bank.

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

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this 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 Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) This Agreement is intended to be, and shall be construed to be, a supervisory “written Agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the OCC or the United States. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no OCC officer or employee has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal Bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the OCC’s exercise of its supervisory responsibilities. The terms of this Agreement, including this paragraph, are not

subject to amendment or modification by any extraneous expression, prior Agreements or arrangements, or negotiations between the parties, whether oral or written.

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

/s/ James M. Calhoun

James M. Calhoun
Assistant Deputy Comptroller
Pittsburgh Field Office

5/17/2002

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 _____

Eugene E. Deible III

May 23, 2002 _____

Date

Signed _____

Henry H. Deible

May 23, 2002 _____

Date

Signed _____

Robert M. Hanak

May 23, 2002 _____

Date

Signed _____

Harry E. Kunselman

May 23, 2002 _____

Date

Signed _____

William L. Mauthe

May 23, 2002 _____

Date

Signed _____

Eugene V. Zanot

May 23, 2002 _____

Date

Date

Date

Date

Date