

**#2002-39 also
Terminates #2000-113**

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

In the Matter of:)
The First National Bank of St. Marys)
St. Marys, West Virginia)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (Comptroller), through his National Bank Examiner, has examined The First National Bank of St. Marys, St. Marys, West Virginia (Bank), and his findings are contained in the Report of Examination dated October 15, 2001 (ROE).

The Bank, by and through its duly elected and acting Board of Directors (Board), has executed a "Stipulation and Consent to the Issuance of a Consent Order," dated April 23, 2002, that is accepted by the Comptroller. By this Stipulation and Consent, that is incorporated by reference, the Bank has consented to the issuance of this Consent Order (Order) by the Comptroller.

Pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within fifteen (15) days, the Board shall appoint a Compliance Committee of at least five (5) directors, of which no more than two (2) 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 Order.

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

(3) Within twenty (20) 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 the Order;
- (b) results of those actions; and
- (c) a description of the actions needed to achieve full compliance with each Article of this Order.

(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.

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

Assistant Deputy Comptroller
West Virginia Field Office
Laidley Tower, Suite 730
500 Lee Street, East
Charleston, West Virginia 25301-2117

with copies to the Comptroller of the Currency, Southeastern District, Marquis One Tower, Suite 600, 245 Peachtree Center Avenue, N.E., Atlanta, Georgia 30303.

ARTICLE II

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within thirty (30) days, the Board shall ensure that the Bank has competent management in place on a full-time basis in its President, Chief Executive Officer, Senior Lending Officer, and Chief Financial Officer/Cashier positions to carry out the Board's policies, ensure compliance with this Order, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within sixty (60) days, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board will determine whether management changes should be made, including the need for additions to or deletions from current management.

(3) For incumbent officers in the positions mentioned in Paragraph (1) of this Article, the Board shall within thirty (30) days assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(4) If the Board determines that an officer will continue in his/her position but that the officer's depth of skills needs improvement, the Board will within thirty (30) days develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and

- (d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(5) If a position mentioned in Paragraph (1) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (1) of this Article becomes vacant, the Board shall within thirty (30) days of such vacancy appoint a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Order and the safe and sound operation of functions within the scope of that position's responsibility.

(6) Prior to the appointment of any individual to an executive officer position, the Board shall submit to the Assistant Deputy Comptroller the following information:

- (a) the information sought in the "Changes in Directors and Senior Executive Officers" booklet of the Comptroller's Corporate Manual, together with a legible fingerprint card for the proposed individual;
- (b) a written statement of the Board's reasons for selecting the proposed officer;
and
- (c) a written description of the proposed officer's duties and responsibilities.

(7) The Assistant Deputy Comptroller shall have the power of veto over the employment of the proposed executive officer. However, the failure to exercise such veto power shall not constitute an approval or endorsement of the proposed officer.

(8) The requirement to submit information and the prior veto provisions of this Article are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller to complete his review and act on any such information or authority within ninety (90) days.

ARTICLE III

CAPITAL PLAN AND HIGHER MINIMUMS

- (1) The Bank shall maintain the following capital levels (as defined in 12 C.F.R. Part 3):
 - (a) Total risk-based capital at least equal to fifteen percent (15%) of risk-weighted assets; and,
 - (b) Tier 1 leverage capital at least equal to eight percent (8%) of adjusted average assets.
- (2) The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be “well capitalized” for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).
- (3) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program. The program shall include:
 - (a) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);
 - (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 will 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 program;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (iii) with the prior written approval of the Assistant Deputy Comptroller.

(4) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for approval. Upon approval by the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(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 IV

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 I of this Order shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within sixty (60) 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.

(3) Within thirty (30) 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 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) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

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

ARTICLE V

DIRECTOR EVALUATION & BOARD EXPANSION

(1) Within fifteen (15) days, the Board will appoint a Board Evaluation and Expansion Committee for the purpose of assessing the Board's strengths and weaknesses, designing an education program to address weaknesses, and identifying potential new "outside directors" for addition to the Board. The term "outside director" means a person who is not an officer or

employee 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.

(2) Within forty-five (45) days, the Board Evaluation and Expansion Committee will provide the Board with a written report on the above items.

(3) Upon receipt of the written report required by paragraph 2 of this Article, the Board shall take immediate action to implement the recommendations of the Board Evaluation and Expansion Committee

(4) If the Board is unable to identify any qualified director candidates within sixty (60) days, the Board shall document its efforts to locate such candidates, and notify the Assistant Deputy Comptroller in writing. Thereafter, the Board shall provide quarterly written reports to the Assistant Deputy Comptroller summarizing its continuing efforts to locate such candidates.

ARTICLE VI

TRUST SERVICES

(1) Within sixty (60) days, the Board shall make a written determination of whether the Bank shall continue to offer trust services. In making this determination, the Board shall consider, among other things:

- (a) the cost of operating an adequately staffed trust department;
- (b) an evaluation of the profitability and future prospects of the trust department;
- (c) the existence of sufficient business in the community to support a trust department;
- (d) an evaluation of the quality and depth of current management;
- (e) a determination as to whether additions to or deletions from the current management team are necessary; and

- (f) future costs of training personnel.
- (2) The Bank shall only accept new trust accounts if:
- (a) the Board makes a written determination, in accordance with the requirements of paragraph 1 of this Article, that the Bank shall continue to offer trust services;
 - (b) the Assistant Deputy Comptroller approves such determination in writing;
 - and
 - (c) the requirements of Article VII of this Order are satisfied.
- (3) A copy of the Board's written determination, including the reasons upon which it is based, shall be forwarded to the Assistant Deputy Comptroller for review and approval.

ARTICLE VII

TRUST ASSET ADMINISTRATION

- (1) If the Board makes a written determination, in accordance with the requirements of Article VI of this Order, that the Bank shall continue to offer trust services, within thirty (30) days of such determination and prior to the acceptance of any new trust business the Board shall adopt written policies and procedures for proper trust asset administration. At a minimum, the policies and procedures shall provide for:
- (a) sound fiduciary investment standards and principles consistent with applicable law and the terms of the governing instrument;
 - (b) accurate accounting systems for trust assets;
 - (c) written investment objectives and comprehensive records for each account administered;

(d) a system that ensures written directions are obtained from authorized power holders for directed investments; and

(e) standards for performing asset reviews in compliance with 12 C.F.R. § 9.6.

(2) A copy of these written policies and procedures shall be forwarded immediately to the Assistant Deputy Comptroller for review and written approval prior to implementation. The Board shall implement these policies and procedures within twenty (20) days of the Assistant Deputy Comptroller's written approval. The Board shall thereafter ensure Bank adherence to such written policies and procedures for proper trust asset administration.

(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 VIII

TRUST AUDIT COMMITTEE

(1) If the Board makes a written determination, in accordance with the requirements of Article VI of this Order, that the Bank shall continue to offer trust services, the Board shall ensure that the Trust Audit Committee complies with the provisions of 12 C.F.R. § 9.9, meets at least quarterly, and maintains detailed written minutes of all its activities including:

(a) discussions with the internal and/or external auditors concerning the scope of the annual audit program to be performed;

(b) an opinion that the scope of the audit program provides suitable audit coverage of department activities as required by 12 C.F.R. § 9.9;

(c) a review of the competence and independence of the internal auditor;

- (d) a review of all trust department audit and examination reports within thirty (30) days of their receipt;
- (e) discussions with the trust officer and auditor(s) concerning all matters cited in the audit and examination reports of the trust department and their opinions of the present condition;
- (f) a determination that all matters involving violations of law or regulation, contravention of sound fiduciary business principles relating to investments, organization, administration and operations, and deficiencies in the Bank's policies, practices or controls disclosed in trust department audit and examination reports are noted and corrected as required by 12 C.F.R. § 9.9; and
- (g) an opinion on the condition of the trust department.

ARTICLE IX

TRUST DEPARTMENT: CONFLICTS OF INTEREST - INVESTMENT IN OWN BANK DEPOSITS

(1) Within sixty (60) days, the Bank shall obtain a legal opinion addressing how the Bank should correct each violation of 12 C.F.R. § 9.12 arising from its failure to properly invest trust assets of fiduciary accounts for which the Bank has investment discretion.

(2) Within thirty (30) days of obtaining the legal opinion required by paragraph 1 of this Article, the Board shall ensure that the Bank takes the appropriate action, including reimbursements if required, to correct each violation of 12 C.F.R. § 9.12 arising from its failure to properly invest trust assets of fiduciary accounts for which the Bank has investment discretion.

ARTICLE X

OVERDRAFT POLICY

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written policy concerning the extension of overdrafts that shall include, at a minimum:

- (a) conditions and circumstances under which overdrafts will be allowed, taking into consideration the requirements of 12 U.S.C. § 375b;
- (b) charges that will be levied against depositors using overdrafts;
- (c) conditions and circumstances under which overdrafts will be permitted to principal shareholders or the related interests (as that term is defined in 12 C.F.R. Part 215) of executive officers, directors or principal shareholders;
- (d) conditions and circumstances under which overdrafts will be charged off; and,
- (e) establishment of controls and a reporting mechanism to monitor compliance with this policy.

(2) Upon adoption, a copy of this policy shall be forwarded 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 policy developed pursuant to this Article.

ARTICLE XI

INTERNAL AUDIT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program 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, with particular emphasis directed to the Bank's adherence to its loan policies concerning underwriting standards and problem loan identification and classification;
- (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 shall evaluate the audit reports, other financial statements, or other information of any third party providing operational services material to the Bank's operation and financial position, and shall assess the impact on the Bank of any deficiencies cited in such reports.

(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 ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(5) 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 and the Board shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(6) 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 auditors maintain a written record describing those actions.

(7) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

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

ARTICLE XII

ASSET/LIABILITY MANAGEMENT POLICY

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written liquidity, asset and liability management policy. In formulating this policy, the Board shall refer to the Comptroller's Handbook for Interest Rate Risk (L-IRR) (June 1997). The policy shall provide for a coordinated asset/liability management strategy and, at a minimum, address:

- (a) adequate management reports that enable the Board and management to monitor the Bank's liquidity position and maintain liquidity at an adequate level;
- (b) the liquidity, maturity and pledging requirements of the investment portfolio;
- (c) development of a liquidity contingency plan;
- (d) the nature, extent and purpose of Bank borrowings;
- (e) limits on concentrations of funding sources; and
- (f) periodic review of the Bank's adherence to the policy.

(2) Upon adoption, a copy of the written policy shall be forwarded to the Assistant Deputy Comptroller for review.

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

ARTICLE XIII

LIQUIDITY

(1) The Board shall review the Bank's liquidity on a monthly basis. Such reviews shall consider:

- (a) a maturity schedule of certificates of deposit, including large uninsured deposits;
- (b) the volatility of demand deposits including escrow deposits;
- (c) the amount and type of loan commitments and standby letters of credit;
- (d) an analysis of the continuing availability and volatility of present funding sources;

- (e) an analysis of the impact of decreased cash flow from the Bank's loan portfolio resulting from delinquent and non-performing loans; and,
- (f) an analysis of the impact of decreased cash flow from the sale of loans or loan participations.

(2) The Board shall take appropriate action to ensure adequate sources of liquidity in relation to the Bank's needs. Monthly reports shall set forth liquidity requirements and sources and establish a contingency plan. Copies of these reports shall be forwarded to the Assistant Deputy Comptroller in the Bank's monthly report to the Assistant Deputy Comptroller.

ARTICLE XIV

INTEREST RATE RISK POLICY

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written interest rate risk policy. In formulating this policy, the Board shall refer to the Interest Rate Risk booklet, L-IRR, of the Comptroller's Handbook. The policy shall provide for a coordinated interest rate risk strategy and, at a minimum, address:

- (a) the establishment of adequate management reports on which to base sound interest rate risk management decisions;
 - (b) establishment and guidance of the Bank's strategic direction and tolerance for interest rate risk;
 - (c) implementation of effective tools to measure and monitor the Bank's performance and overall interest rate risk profile;
 - (d) employment of competent personnel to manage interest rate risk;
 - (e) prudent limits on the nature and amount of interest rate risk that can be taken;
- and,

(f) periodic review of the Bank's adherence to the policy.

(2) Upon adoption, a copy of the written policy shall be forwarded to the Assistant Deputy Comptroller for review.

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

ARTICLE XV

CORRECT BANK INFORMATION SYSTEMS DEFICIENCIES

(1) The Bank shall immediately take all steps necessary to improve the management of the Bank's Information Systems (BIS) activities and correct each deficiency cited in the ROE or any subsequent Report of Examination.

(2) Within sixty (60) days, the Bank shall implement effective BIS security and operations procedures as described in the Federal Financial Institutions Examination Council's 1996 Information Systems Examination Handbook, Banking Circular Number 229, dated May 31, 1988, OCC Bulletin 2001-8, and OCC Bulletin 98-3.

(3) Within ninety (90) days, and at least annually thereafter, the Board shall review its Bank Information Systems resumption and contingency planning and perform a test of all necessary programs and system applications using its backup location, or recovery operation center, to ensure the continuation of operations in the event of a disaster. The Board shall refer to OCC Bulletin 97-23 in conducting such review. The Board shall document the results of this review and test in its meeting minutes.

(4) A copy of the plan and test results shall be forwarded to the Assistant Deputy Comptroller for review.

ARTICLE XVI

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within thirty (30) days of receipt, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, as "doubtful," "substandard," or "special mention." Within sixty (60) days of receipt, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." These programs shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding fifty thousand dollars (\$50,000) shall be forwarded to the Assistant Deputy Comptroller.

(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.

(5) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds fifty thousand dollars (\$50,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(6) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis (in a format similar to **Appendix A**, attached hereto).

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed fifty thousand dollars (\$50,000) only if each of the following conditions is met:

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and

records, in writing, why such extension is necessary to promote the best interests of the Bank; and

- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE XVII

INTERNAL LOAN REVIEW

(1) Within sixty (60) days, the Board shall establish an effective, independent and on-going loan review system to review, at least quarterly, the Bank's loan and lease portfolios to assure the timely identification and categorization of problem credits. The system shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in the Comptroller's Handbook on Loan Portfolio Management (A-LPM) (April 1998). Such reports shall, at a minimum, include conclusions regarding:

- (a) the overall quality of the loan and lease portfolios;
- (b) the identification, type, rating, and amount of problem loans and leases;
- (c) the identification and amount of delinquent loans and leases;
- (d) credit and collateral documentation exceptions;
- (e) the identification and status of credit related violations of law, rule or regulation;

- (f) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (b) through (e) of the Article;
- (g) concentrations of credit;
- (h) loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank;
- (i) loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies; and
- (j) the adequacy of the Bank's appraisal review process.

(2) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program providing for independent review of problem loans and leases in the Bank's loan and lease portfolios for the purpose of monitoring portfolio trends, on at least a quarterly basis. The program shall require a quarterly report to the Board. At a minimum the program shall provide for an independent reviewer's assessment of the Bank's:

- (a) monitoring systems for early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
- (b) statistical records that serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;
- (c) system for monitoring previously charged-off assets and their recovery potential;
- (d) system for monitoring compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function; and
- (e) system for monitoring the adequacy of credit and collateral documentation.

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

(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.

(5) The Board shall evaluate the internal loan and lease 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).

(6) 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 XVIII

CONSUMER COMPLIANCE PROGRAM

(1) Within ninety (90) days, the Bank shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules and regulations. This program shall include, but not be limited to:

- (a) a written description of the duties and responsibilities of the compliance officer;
- (b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
- (c) the preparation of a policies and procedures manual covering all consumer protection laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;

- (d) semiannual updates of the written policies and procedures manual to ensure it remains current;
- (e) an audit program to test for compliance with consumer protection laws, rules and regulations;
- (f) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
- (g) the education and training of all appropriate Bank personnel in the requirements of all federal and state consumer protection laws, rules and regulations; and
- (h) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(2) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review.

(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.

ARTICLE XIX

CONCENTRATIONS OF CREDIT

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written asset diversification program consistent with OCC Banking Circular 255. The program shall include, but not necessarily be limited to, the following:

- (a) a review of the balance sheet to identify any concentrations of credit;
- (b) a written analysis of any concentration of credit identified above in order to identify and assess the inherent credit, liquidity, and interest rate risk;

- (c) policies and procedures to control and monitor concentrations of credit; and
- (d) an action plan approved by the Board to reduce the risk of any concentration deemed imprudent in the above analysis.

(2) For purposes of this Article, a concentration of credit is as defined in Comptroller's Handbook on Loan Portfolio Management (A-LPM) (April 1998).

(3) The Board shall ensure that future concentrations of credit are subjected to the analysis required by subparagraph (b) of Paragraph (1) of this Article and that the analysis demonstrate that the concentration will not subject the Bank to undue credit or interest rate risk.

(4) The Board shall forward a copy of any analysis performed on existing or potential concentrations of credit to the Assistant Deputy Comptroller immediately following the review.

(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 XX

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within sixty (60) days, develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to:

- (a) procedures to ensure satisfactory and perfected collateral documentation;
- (b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information;
- (c) procedures to ensure conformance with loan approval requirements;
- (d) a system to track and analyze exceptions;
- (e) procedures to ensure conformance with Call Report instructions;

- (f) procedures to ensure the accuracy of internal management information systems;
- (g) a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit grading, and other loan administration matters;
- (h) procedures to track and analyze concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios; and
- (i) procedures to ensure the existence of an adequate appraisal review process.

(2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

(3) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to systems which provide for effective monitoring of:

- (a) early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
- (b) statistical records that will serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;
- (c) previously charged-off assets and their recovery potential;
- (d) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function;
- (e) adequacy of credit and collateral documentation; and
- (f) concentrations of credit.

(4) Beginning immediately, and on a monthly 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 and leases;
- (b) the identification and amount of delinquent loans and leases;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (d) of this Article and Paragraph;
- (f) an analysis of concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios;
- (g) the identification and amount of loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (h) the identification of loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

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

ARTICLE XXI

INDIRECT AUTOMOBILE LENDING

- (1) The Bank shall not originate indirect automobile loans until:

- (a) the Board has developed and adopted revised direct and indirect automobile lending policies and procedures which include, at a minimum:
- (i) a description of acceptable types of direct and indirect loans;
 - (ii) a provision that current and satisfactory credit information will be obtained on each borrower;
 - (iii) a maturity schedule related to the anticipated source of repayment, and the useful life of the collateral;
 - (iv) a maximum ratio of loan value (including any add-ons such as credit life, credit disability, force placed insurance and service contracts) to asset value;
 - (v) collection procedures, to include follow-up efforts that are systematically and progressively stronger;
 - (vi) charge-off of all direct and indirect automobile loans which are past due one hundred twenty (120) days or more;
 - (vii) a prohibition on the renewal or extension of any loans without the written approval of the senior loan officer, who shall review the borrower's past repayment history and current ability to repay and then document how the extension will enhance the collectibility of the credit;
 - (viii) disposition policies and procedures for repossessed automobiles;
 - (ix) a limitation on aggregate outstanding direct and indirect automobile loans in relation to other balance sheet accounts or per dealer;
 - (x) guidelines and limitations on concentrations of credit; and

(xi) guidelines to insure that the Bank's direct and indirect automobile loans are written in compliance with all applicable laws, rules and regulations; and

(b) the Assistant Deputy Comptroller has made a prior determination of no supervisory objection to the Bank's written direct and indirect automobile lending policies; thereafter the Bank shall implement and adhere to the policies and procedures developed pursuant to this Article.

(2) 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 XXII

CREDIT AND COLLATERAL EXCEPTIONS

(1) Subject to the provisions in this paragraph, within thirty (30) 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. At the expiration of the thirty (30) day period, the Board shall list all loans for which it is unable to obtain such information. This list shall include an explanation of the actions taken to obtain such information, the reasons why such information has not been obtained, and a plan to obtain such information by a specified time. A copy of this information shall be maintained in the credit file of the affected borrower(s).

(2) Subject to the provisions in this paragraph, within thirty (30) days the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception 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. At the expiration of the thirty (30) day period, the Board shall list all loans for which it is unable to obtain such information. This list shall include an explanation of the actions taken to obtain such information, the reasons why such information has not been obtained, and a plan to obtain such information by a specified time. A copy of this information shall be maintained in the credit file of the affected borrower(s).

(3) 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 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;
 - (i) Failure to obtain the information in (d) 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 in (d) would be detrimental to the best interests of the Bank.
 - (ii) A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank; and
- (e) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

ARTICLE XXIII

LENDING POLICY

(1) Within sixty (60) days, the Board shall review and revise the Bank's written loan policy. In revising this policy, the Board shall refer to the Loan Portfolio Management booklet, A-LPM, of the Comptroller's Handbook. This policy shall incorporate, but not necessarily be limited to, the following:

- (a) a description of acceptable types of loans;
- (b) a provision that current and satisfactory credit information will be obtained on each borrower;
- (c) maturity scheduling related to the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;
- (d) maximum ratio of loan value to appraised value or acquisition costs of collateral securing the loan;
- (e) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;
- (f) a pricing policy that takes into consideration costs, general overhead, and probable loan losses, while providing for a reasonable margin of profit;
- (g) a definition of the Bank's trade area;
- (h) guidelines and limitations for loans originating outside of the Bank's trade area;
- (i) a limitation on aggregate outstanding loans in relation to other balance sheet accounts;
- (j) distribution of loans by category;

- (k) a prohibition regarding the use of brokered deposits to fund loan growth or support criticized loans;
- (l) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar outside borrowers;
- (m) guidelines and limitations on concentrations of credit;
- (n) a limitation on the type and size of loans that may be made by loan officers without prior approval by the Board or a committee established by the Board for this purpose;
- (o) measures to correct the deficiencies in the Bank's lending procedures noted in any ROE;
- (p) guidelines designed to improve Board oversight of the loan approval process, specifically with regard to credits exhibiting significant risk. At a minimum, the policy shall:
 - (i) establish dollar limits on extensions of credit to any one borrower, above which the prior approval of the Board, or a committee thereof, would be required;
 - (ii) establish dollar limits on aggregate extensions of credit to any one borrower, above which any new extensions of credit to that borrower, regardless of amount, would require the prior approval of the Board, or a committee thereof; and
 - (iii) require that all credits which deviate from the Bank's normal course of business, including all credits which deviate from the Bank's

written strategic plan, receive the prior approval of the Board, or a committee thereof.

- (q) guidelines consistent with Banking Circular 255, setting forth the criteria under which renewals of extensions of credit may be approved. At a minimum the policy shall:
 - (i) ensure that renewals are not made for the sole purpose of reducing the volume of loan delinquencies; and
 - (ii) provide guidelines and limitations on the capitalization of interest;
- (r) charge-off guidelines, by type of loan or other asset, including Other Real Estate Owned, addressing the circumstances under which a charge-off would be appropriate and ensuring the recognition of losses within the quarter of discovery; and
- (s) guidelines for periodic review of the Bank's adherence to the revised lending policy.

(2) Upon adoption, the policy shall be implemented, the Board shall thereafter ensure Bank adherence to the policy, and a copy of the policy shall be forwarded to the Assistant Deputy Comptroller for review.

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

ARTICLE XXIV

COLLECTION PROCEDURES

(1) Within sixty (60) days, the Bank shall develop, implement and thereafter adhere to a written program designed to improve and strengthen collection efforts. The written program shall include specific plans to:

- (a) reduce delinquent loans; and
- (b) improve recovery of charged-off assets.

(2) The written program shall also include:

- (a) a training program for department employees;
- (b) a management succession plan for the department; and,
- (c) detailed operational procedures that address consumer compliance requirements.

(3) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

(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.

ARTICLE XXV

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (Allowance) and shall establish a program for the maintenance of an adequate Allowance. This review and program shall be designed in light of the comments on maintaining a proper

Allowance found in the Allowance for Loan and Lease Losses booklet, A-ALLL, of the Comptroller's Handbook, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal loan review;
- (b) results of the Bank's external loan review;
- (c) an estimate of inherent loss exposure on each significant credit;
- (d) an estimate of inherent loss exposure on each credit in excess of fifty thousand dollars (\$50,000);
- (e) loan loss experience;
- (f) trends of delinquent and nonaccrual loans;
- (g) concentrations of credit in the Bank;
- (h) present and prospective economic conditions; and
- (i) experience and depth of lending management.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) A copy of the Board's program shall be 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.

ARTICLE XXVI

NONACCRUAL LOANS

(1) The Bank shall immediately reverse or charge off all interest that has been accrued contrary to the requirements contained in the Instructions for Preparation of Consolidated Reports of Condition and Income (Call Report Instructions) governing nonaccrual loans. Further, the Bank shall immediately reverse or charge off that portion of the remaining accrued interest on such loans that, when combined with principal, is not protected by sound collateral values.

(2) Within sixty (60) days, the Board shall adopt and implement written policies and procedures governing the supervision and control of nonaccrual loans. Such policies and procedures shall:

- (a) be consistent with the accounting requirements contained in the Call Report Instructions;
- (b) address the circumstances under which accrued interest due on a loan may be added to the outstanding principal amount when the loan is renewed or restructured; and
- (c) require the monthly presentation to the Board of all loans meeting any of the nonaccrual criteria.

(3) Within sixty (60) days, the Board shall develop and implement a written policy governing the identification of and accounting treatment for nonaccrual loans. The policy shall address paragraph (1) above and shall be consistent with the accounting requirements contained in the Call Report Instructions.

(4) Within sixty (60) days, the Board shall develop and implement a written policy that shall provide for auditing accrued interest on loans. The policy shall, at a minimum, provide for

quarterly audits of loan accruals and incorporate procedures for periodically testing the Bank's identification of nonaccrual loans as governed by the policy adopted pursuant to paragraph (3) of this Article.

(5) Upon adoption, a copy of the written policies and procedures shall be forwarded to the Assistant Deputy Comptroller and the Board shall thereafter ensure Bank adherence to all policies and procedures developed pursuant to this Article.

(6) 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 XXVII

PROFIT PLAN

(1) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written profit 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;
- (c) a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and
- (d) a description of the operating assumptions that form the basis for major projected income and expense components.

(2) The budgets and related documents required in paragraph (1) above for 2002 shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the

Assistant Deputy Comptroller annual budgets as described in paragraph (1) above for each year this Order remains in effect. The budget for each year shall be submitted on or before November 30, of the preceding year.

(3) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the Assistant Deputy Comptroller on a monthly basis.

(4) 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 XXVIII

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or approval of the Assistant Deputy Comptroller, 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 by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

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

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) The Agreement by and Between First National Bank of St. Marys, St. Marys, West Virginia, and the Office of the Comptroller of the Currency dated November 17, 2000, is hereby terminated.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818(b), 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(i), 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 Order, 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.

IT IS SO ORDERED, this ____ day of _____, 2002.

Richard A. Spelsberg, Jr.
Assistant Deputy Comptroller
West Virginia Field
Southeastern District

APPENDIX A

**First National Bank, St. Marys, WV
CRITICIZED ASSET REPORT**

CRITICIZED ASSET REPORT AS OF _____

Borrower: _____
 Line of Business: _____
 Gtr/Co-Signer/Endorser: _____
 Related Borrower Debt: _____

Review Date: _____
 Loan Officer: _____

	Loan 1 #	Loan 2 #	Loan 3 #	Loan 4 #	
Origination Date					
Term					
Maturity Date					
Purpose:					
Source of Repayment:					
Status:					
Note Due Date:					
Collateral Value:					
\$ Outstanding:					\$0
\$ Available:					\$0
Total Commitment:	\$0	\$0	\$0	\$0	\$0
Loan Grade:					
Date Classified or SM:					
Accrual Status					
Prior Charge-Offs					
Recoveries					
Total Exposure (All Loans)					\$0

Customer History: (Explain the customer's relationship to the bank and a brief description of the customer's business)

Primary Reason(s) for Classification or Special Mention:

	Loan 1 0	Loan 2 0	Loan 3 0	Loan 4 0
Reason(s)				

Current Estimated Loss if Foreclosure/Liquidation Occurs:

	Loan 1	Loan 2	Loan 3	Loan 4	TOTALS
High					
Low					
Most Likely					
TOTALS	\$0	\$0	\$0	\$0	\$0

ALLL Allocation _____ \$0

Comments on Financial Statement and Trends: (Summarize current financial condition and trends for all primary obligors and guarantors. This should cover all basic financial trends including profitability, liquidity, leverage, income, cash flow and debt service coverage (DSC). Identify specific strengths & weaknesses with sufficient detail to support criticism and loan grade.

Collateral Description and Valuation: Specifically describe collateral supporting each credit including the method of lien perfection. Identify the value of the collateral and the source and date of the valuation.

List all Financial Statement, Loan Policy, and Collateral Exceptions. Note any mitigating circumstances justifying the exceptions:

Describe the bank's plan of action to eliminate the basis of criticism or classification for each loan:

Person(s) Responsible	Target Date	Current Status
----------------------------------	------------------------	---------------------------

State why the actions planned are in the best interest of the bank:

Board Approved: _____ (attached a copy of the minutes from the board meeting)

Date: _____

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
OFFICE OF THE COMPTROLLER OF THE CURRENCY**

_____)
In the Matter of:)
)
The First National Bank of St. Marys)
St. Marys, West Virginia)
_____)

STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”) intends to initiate a cease and desist proceeding against The First National Bank of St. Marys, St. Marys, West Virginia (the “Bank”) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, the Bank, by and through its duly elected and acting Board of Directors (“Board”), desiring to cooperate with the OCC, has executed this Stipulation and Consent to the Issuance of a Consent Order (“Stipulation and Consent”), dated April 23, 2002, which is accepted by the Comptroller. By this Stipulation and Consent, the Bank has consented to the issuance of a Consent Order (“Order”) by the Comptroller dated April 23, 2002, and incorporated herein by this reference as though fully set forth.

In consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, by and through its Board, hereby stipulate and agree to the following:

ARTICLE I

(1) The Bank is a national bank, chartered, supervised and examined by the Comptroller pursuant to the National Bank Act, as amended, 12 U.S.C. § 1 et seq.

(2) The Office of the Comptroller of the Currency is the “appropriate Federal banking agency” with regulatory and supervisory responsibility for the Bank pursuant to 12 U.S.C. § 1813(q) and § 1818(b).

(3) The Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1818(b)(1).

(4) The Bank acknowledges that it is currently solvent.

ARTICLE II

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller. The Bank further agrees that said Order shall be deemed an “order issued with the consent of the depository institution” as defined in 12 U.S.C. § 1818(h)(2), and consents and agrees that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i)(1).

ARTICLE III

(1) The Bank, by signing this Stipulation and Consent, admits to the jurisdiction of the Comptroller with respect to the matters set forth in the Order pursuant to 12 U.S.C. § 1818(b).

(2) The Bank, by signing the Stipulation and Consent, hereby waives:

(a) any and all procedural rights available in connection with the issuance of the Order including the right to the issuance of a notice of charges, an

administrative hearing and all post hearing procedures available pursuant to 12 U.S.C. § 1818;

- (b) all rights to seek any type of administrative or judicial review of the Order, or any provision hereof, including all such rights provided by 12 U.S.C. § 1818(h);
- (c) any and all rights to challenge or contest in any manner the basis, issuance, validity, terms, effectiveness or enforceability of the Order or any provision hereof;
- (d) entry of findings of fact and conclusions of law; and
- (e) any and all claims for fees, costs or expenses against the Comptroller, or any of his agents or employees, related in any way to this enforcement matter and/or the Consent Order, whether arising under common law or under the terms of any statute, including but not limited to, the Equal Access to Justice Act, 5 U.S.C. § 504 and 28 U.S.C. § 2412.

ARTICLE IV

(1) The provisions of this Order shall become effective upon execution of this Order by the Comptroller, through his authorized representative whose signature appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated by the Comptroller through the exercise of his sole discretion.

ARTICLE V

(1) The Bank agrees that the provisions of this Stipulation and Consent, and the Order, shall not be construed as an adjudication on the merits, and shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action involving or affecting the Bank, if at any time, he deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America, including but not limited to, the appointment of a conservator or receiver, or the commencement of any other action that he deems to be appropriate as a result of findings arising from any examination of the Bank.

(2) The Bank understands and agrees that nothing herein shall preclude any proceedings brought by the Comptroller to enforce the terms of this Stipulation and Consent or the terms and provisions of the Order, and that nothing herein constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States or agencies thereof, including the Department of Justice, to bring other actions deemed appropriate.

(3) This Stipulation and Consent is intended, 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 Stipulation and Consent, 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 as his representative, has hereunto set her hand on behalf of the Comptroller.

Signed _____

4/23/02

Richard A. Spelsberg, Jr.
Assistant Deputy Comptroller
West Virginia Field Office
Southeastern District

Date

IN TESTIMONY WHEREOF, the undersigned members of the Board of Directors of the

Bank have hereunto set their hands on behalf of the Bank:

Signed

Carl O. Clark

4-23-02
Date

Signed

Joseph E. Corbitt

4-23-02
Date

Signed

Hemann C. Dillion

4/23/02
Date

Signed

R. William Edwards

4-23-02
Date

Signed

John R. Hendricks

4-23-02
Date

Signed

G. Drew Rolston

4-23-02
Date

Signed

Dudley P. White

4-23-02
Date