

SUPERVISORY AGREEMENT
ADDENDUM

This Supervisory Agreement Addendum ("Addendum") is made to the Supervisory Agreement ("Agreement") which was executed on the 20th day of December 1990, by and between the Board of Directors of First Federal Savings and Loan Association of Harrisburg (OTS No. 4965) ("FIRST FEDERAL" or the "ASSOCIATION") and the Office of Thrift Supervision ("OTS"). This Addendum is made and is effective this 26th day of December 1991, by and between the same parties. This Addendum has been duly authorized, executed and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of FIRST FEDERAL. It is understood and agreed that this Addendum is a "written agreement" entered into with the OTS, as that term is used in 12 U.S.C. § 1818(b).

WHEREAS, the OTS is of the opinion that based on the results of the Reports of Examination ("ROEs") dated April 2, 1990 and August 12, 1991, it has grounds for the initiation of formal supervisory proceedings against the ASSOCIATION;

WHEREAS, the OTS is willing to forbear at this time from the initiation of such proceedings against the ASSOCIATION, so long as the ASSOCIATION is in substantial compliance with the provisions of this Addendum and the Agreement;

WHEREAS, although the ASSOCIATION neither admits nor denies the matters contained in the ROEs, in the interest of regulatory compliance and cooperation, the ASSOCIATION is willing to enter into this Addendum to avoid the initiation of such proceedings; and

WHEREAS, the terms and conditions of the Agreement are hereby incorporated by reference into this Addendum:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS, it is agreed between the parties hereto as follows:

1. Within 60 days, the ASSOCIATION shall revise its asset monitoring and review procedures (a) to address the comments on pages 12-13 of the August 12, 1991 ROE; (b) to expressly require that all asset classification determinations be made by a majority of the Association's asset classification committee, which determinations (including any dissenting opinions) shall be reported quarterly to the Board of Directors; and (c) to ensure appropriate implementation of regulatory requirements.
2. The ASSOCIATION shall not commence any new real estate projects or joint venture partnerships until appropriate controls and procedures are developed and implemented.
3. The ASSOCIATION shall not engage in trading activities until appropriate controls and limitations are developed and implemented.
4. The Association shall continue to maintain an accurate and comprehensive borrower liability ledger. Such ledger shall accurately record total borrower liability in all loan/credit areas of the Association and shall include both direct liability (whether as maker, co-maker, partner, or any other type of direct liability) and contingent liabilities (as endorser, guarantor and any other type of contingent liability). Such ledger shall be maintained in a current, accurate and comprehensive status for all borrowers whose aggregate credit liability to the Association exceeds \$500,000.

This Addendum hereby incorporates the terms and provisions contained in the December 20, 1990 Supervisory Agreement between FIRST FEDERAL and the OTS, and the terms and provision of said Addendum shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

IN WITNESS WHEREOF, the OTS acting through the Regional Deputy Director for the Pittsburgh Office, and the ASSOCIATION by its duly elected directors, have executed this Addendum on the date first above written.

OFFICE OF THRIFT SUPERVISION

By: / S /
Regional Deputy Director

FIRST FEDERAL SAVINGS AND LOAN
ASSOCIATION OF HARRISBURG

By the Board of Directors:

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CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of FIRST FEDERAL SAVINGS AND LOAN ASSOCIATION OF HARRISBURG (OTS No. 4965) (hereinafter referred to as "FIRST FEDERAL") hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting duly called and held on December 18, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now in full force and effect:

RESOLUTION

WHEREAS, the directors of FIRST FEDERAL have read and considered the proposed Supervisory Agreement Addendum ("Addendum") attached to the minutes of the meeting of the Board of Directors held on December 18, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into said proposed Addendum:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Addendum, a copy of which is attached hereto, be and is hereby approved by the Board of Directors of FIRST FEDERAL.

The officers and employees of FIRST FEDERAL are directed and authorized to take all necessary steps to implement immediately the terms of the Addendum.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of FIRST FEDERAL this 20th day of December, 1991.

JS

J. Frederic Redslob, Secretary