

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 31st day of December, 1991, by and between Slovenian Savings and Loan of Franklin-Conemaugh (OTS No. 07703), hereinafter referred to as "Slovenian" or "Institution" and the Office of Thrift Supervision ("OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Slovenian. It is understood and agreed that this Agreement 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 Slovenian has not complied with certain laws and regulations to which Slovenian is subject, thereby providing grounds for the initiation of formal enforcement proceedings against Slovenian by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of such proceedings against Slovenian for the violations of law described in the Institution's July 18, 1991 Compliance Report of Examination (CROE), so long as Slovenian is in compliance with the provisions of the Agreement; and

WHEREAS, in the interest of regulatory compliance and cooperation, Slovenian is willing to enter into the Agreement to avoid the initiation of such formal enforcement proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of formal enforcement proceedings against Slovenian it is agreed between the parties hereto as follows:

1. Within ninety days of the effective date of this Agreement, Slovenian's Board shall develop a job description for the "Compliance Officer" and develop, adopt and file with the Regional Deputy Director ("RDD") a Compliance Program ("Program") which would address those areas detailed on page 5 of the CROE.
2. Within sixty days of the effective date of this Agreement, the Institution shall revise their residential and consumer loan underwriting standards to correct the deficiencies cited in the CROE on pages 6 and 7. The Institution shall, at least annually, review the standards, and business practices implementing them, to ensure equal opportunity in lending, as required by Federal Regulation 528.2a(b).

Furthermore, the Institution shall incorporate an Equal Opportunity in Lending Policy Statement in the standards expressing support of, and compliance with nondiscriminatory practices in lending and other services, appraisal, underwriting, and the taking of applications, as set forth in Federal Regulations 528.2, 528.2a, 528.3, and 571.24.

3. In conjunction with provision #2, the Institution shall, within thirty days of the effective date of this Agreement, develop policies to ensure notification to applicants of action taken on their applications, disclosure

of the principal reasons for denying an application or taking other adverse action, retention of records of credit applications, and collection of information about the applicant's race and other personal characteristics in applications for certain dwelling-related loans, as required by Regulation B (the Equal Credit Opportunity Act).

4. Within thirty days of the effective date of this agreement, the institution shall develop procedures to ensure that the Loan Application Register is maintained in accordance with applicable regulations as detailed on page 8 of the CROE.
5. Within sixty days of the effective date of this Agreement, the institution shall develop procedures to ensure that truth-in-lending disclosure statements are subjected to a second-party review and that deficiencies in disclosures detailed on pages 10, 13 and 14 of the CROE are corrected.
6. Within thirty days of the effective date of this agreement, the Institution shall develop procedures to ensure that the proper disclosures and adjustment notices for adjustable mortgage loans (AML), as detailed on page 12 and 13 of the CROE, are given.

Management shall review the entire AML and adjustable home equity loans portfolio and make reimbursement and/or future payment adjustments as needed.

7. Within thirty days of the effective date of this Agreement, the Institution shall develop and distribute to each electronic funds transfer direct deposit customer, the required disclosure which addresses initial terms and conditions.
8. Within thirty days of the effective date of this Agreement, the Institution shall develop policies and procedures which address the deficiencies concerning Regulation CC as detailed on page 15 of the report.
9. Within thirty days of the effective date of this Agreement, the Institution shall develop the necessary system of internal controls, policies, procedures, and auditing standards to ensure compliance with Federal Regulation 563.177 and Treasury Regulations Relating to the Bank Secrecy Act. This will include the following but is not limited to:
 - a. The establishment and maintenance of a policy and program to assess and monitor compliance with the requirements of the Bank Secrecy Act and the Treasury regulations implementing the Act, which meets the specific requirements of Federal Regulation 563.177(b).
 - b. The development of procedures to ensure the correct completion of Currency Transaction Report forms, with special attention directed to the identification requirements set forth in Treasury Regulation 103.28.
 - c. A record of each exemption granted under Treasury Regulation 103.22(f), with the reason for the exemption recorded in a centralized list. The

record shall include the specific items required by Treasury Regulation 103.22(f).

- d. An employee education program to ensure that operating personnel are aware of the current requirements of the regulation and to ensure that they are sufficiently knowledgeable concerning the recordkeeping and reporting requirements to ensure compliance as required by Federal Regulation 563.177(c)(4).
 - e. Assurance that, in conjunction with their annual audit, the independent auditor will study and test the institution's procedures for compliance with the provisions and conformance to any changes or amendments to the Currency and Foreign Transactions Reporting Act and that a special report is issued as described in AICPA Statement on Auditing Standards No. 30, Reporting on Internal Accounting Control.
10. The institution shall cease the payment of interest on NOW accounts held by any and all profit making corporations, as detailed on page 19 and 20 of the CROE, and within thirty days of the effective date of this Agreement, the Institution shall develop policies and procedures which will ensure that interest on NOW accounts will not be paid to profit making corporations.
11. Within thirty days of the effective date of this Agreement, the Institution shall develop procedures which will ensure that all advertising is reviewed for regulatory compliance and that advertising is retained between examinations for regulatory review.

All technical words or terms used in this Agreement, for which meanings are not specified or otherwise provided by the provisions of this Agreement, shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, Home Owners' Loan Act of 1933 ("HOLA"), and Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Compliance Activities Handbook shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

The terms and provisions of the Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

Upon a written request by Slovenian which demonstrates just cause, the time frames for the submission of policies and procedures and other required documents, as prescribed within this Agreement may be extended by the approval of the RDD or his designee.

Nothing contained herein shall prevent the OTS from taking, or its successors in interest from recommending or taking, such further supervisory action as is deemed appropriate under given circumstances, with regard to the foregoing or otherwise.

12. The Institution shall within 60 days of the effective date of this agreement revise its CRA statement in order to include:
- a. A map depicting the delineated community as required by Federal Regulation 563e.3(a). In addition, the Institution shall at least annually review the delineation of the local community.
 - b. The CRA statement as required by Federal Regulation 563e.4(b)(2) shall contain a listing of all the types of credit currently being offered and should specifically state those types of loans which are available only to members of the association.
 - c. The institution shall provide a current CRA notice as part of the CRA statement as provided in Federal Regulation 563.4(b)(3).
 - d. The Institution shall provide, in the public lobby of each office, the public notice set forth in Federal Regulation 563e.6(a).
13. Within sixty days of the effective date of this Agreement, the Institution shall institute procedures and policies to ensure that the additional regulatory violations identified in the Violations Summary section of the CROE, (page 29) do not recur.

The adequacy of and compliance with the various policies and procedures required to be developed by Slovenian under this Agreement, as well as overall compliance with this Agreement, shall be determined by the RDD in conjunction with the next examination of Slovenian.

This Agreement shall remain in effect until terminated as an Agreement by the OTS acting through its RDD. Additionally, the RDD may, in his discretion, suspend any or all of such provisions of the Agreement during the term of the Agreement.

IN WITNESS WHEREOF, the OTS acting through the RDD for the Pittsburgh Office, and Slovenian by its duly elected directors, have executed this Agreement on the date first above written.

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of Slovenian Savings and Loan of Franklin-Conemaugh.

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being duly qualified Secretary of SLOVENIAN SAVINGS AND LOAN ASSOCIATION OF FRANKLIN-CONEMAUGH (OTS No. 07703) ("Slovenian") hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors as a meeting duly called and held on December 26, 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 full force and effect:

RESOLUTION

WHEREAS, the directors of Slovenian S&LA of Franklin-Conemaugh have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the Board of Directors held on December 26, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter into the proposed Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby approved by the Board of Directors of Slovenian S&LA of Franklin-Comemaugh.

The officers and employees of Slovenian S&LA are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Slovenian of Franklin-Conemaugh this 26th day of December, 1991.

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Secretary