

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 26th day of June, 1991, by and between Greater Bethlehem Savings and Loan Association (OTS No. 7232), hereinafter referred to as "Greater Bethlehem" 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 Greater Bethlehem. 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 Greater Bethlehem has not complied with certain of the laws and regulations to which Greater Bethlehem is subject and that Greater Bethlehem has engaged in unsafe or unsound practices, thereby providing grounds for the initiation of supervisory proceedings against Greater Bethlehem by the OTS; and

WHEREAS, the OTS is willing to forbear at this time from the initiation of supervisory proceedings against Greater Bethlehem for the alleged violations of regulations and unsafe or unsound practices described in Greater Bethlehem's June 25, 1990 Report of Examination ("ROE"), so long as Greater Bethlehem is in compliance with the provisions of the Agreement; and

WHEREAS, although the board neither admits nor denies the matters contained in the ROE or in the Agreement, in the interest of regulatory compliance and cooperation, Greater Bethlehem is willing to enter into the Agreement to avoid the initiation of such supervisory proceedings:

NOW, THEREFORE, in consideration of the above-stated forbearance by the OTS from the initiation of cease and desist proceedings against Greater Bethlehem, it is agreed between the parties hereto as follows:

1. Greater Bethlehem's Board of Directors shall actively use its best efforts to fulfill its fiduciary responsibilities to ensure that Greater Bethlehem is safely and soundly managed. To this end, the Board shall provide appropriate guidance to management; effectively oversee the Institution's affairs; determine the effectiveness of management; and establish adequate policies and procedures upon which management is to operate the Institution. Furthermore, the official minutes of all Board and committee meetings shall clearly and accurately reflect the level of supervision exercised over management by the Board and shall attest to the Board's active involvement.
2. Greater Bethlehem shall adhere to the policy statement guidelines set forth at 12 C.F.R. §571.7 concerning conflicts of interests. Within sixty (60) days of the effective date of the Agreement, the Board shall develop and submit a plan to the Regional Deputy Director of the Office of Thrift Supervision/Pittsburgh District for the avoidance of conflicts of interest. Such a plan shall (a) specify, by name, any director or officer whose occupation or business interests may create possible conflicts of interest with Greater Bethlehem, (b) identify specific areas in which such abuses could occur, (c) describe specific policies and actions that Greater Bethlehem will adopt to avoid potential conflicts of interest, and (d) establish specific procedures for dealing with directors and management officials who violate the policies in these areas.

Furthermore, corrective action(s) must be taken to alleviate the appearance of a conflict of interest noted on page 4 of the ROE.

3. Greater Bethlehem shall cease further lending to The Bennett Funding Group, Inc. until the outstanding balances are within the loans-to-one-borrower limitations set forth at 12 C.F.R. §563.93. Furthermore, Greater Bethlehem shall use its best efforts to eliminate the loans-to-one-borrower violation.
4. Greater Bethlehem hereby confirms to the Regional Deputy Director that Greater Bethlehem has established specific reserves for or charged off the full amount of assets classified as Loss on pages A-12.1 through A-12.8 of the ROE and has established general valuation allowances ("GVA") in an amount not less than \$205,814.

Additionally, the Board shall review the GVA on a quarterly basis and, following a diligent inquiry of relevant information, to the best of its knowledge and ability, ensure that it is maintained at an adequate level.

5. Greater Bethlehem shall, within sixty (60) days of the effective date of this Agreement, file with the Regional Deputy Director a strategic plan to minimize further deterioration in asset quality and reduce the level of criticized assets.

The Board or a designated asset review committee shall review on a quarterly basis the Institution's compliance with the progress made under this strategic plan and report thereon directly to the Board.

6. Greater Bethlehem shall, within ninety (90) days of the effective date of this Agreement, file with the Regional Deputy Director, for his approval, a detailed Operating Plan setting forth the Institution's projected operating strategy inclusive of strategy(s) to increase the Institution's net interest margin as well as controlling operating expenses. The Operating Plan shall also include budget assumptions and pro forma financial statements.
7. On a quarterly basis coinciding with the Institution's own fiscal year and within thirty (30) days of the close of each quarter, the Board shall file with the Regional Deputy Director a written report documenting its review of the Institution's operating results for the quarter just ended and year-to-date. Such report shall include a comparison of actual results against the projections in the Institution's budget. A written explanation of any deviation in the budget projections will be included in the report along with a specific description of the measures that have been implemented or proposed to correct, abate, or improve any such deviations.
8. Greater Bethlehem shall, within ninety (90) days of the effective date of the Agreement, submit to the Regional Deputy Director a copy of the Board's program to improve the Institution's marginal capital position and ensure

compliance with tangible, core, and fully phased-in, risk-based capital requirements. Said program may be presented within the Operating Plan which is to be submitted in accordance with Provision 6.

9. Until such time as an Operating Plan is approved in accordance with Provision 6, Greater Bethlehem shall immediately restrict asset growth to net interest credited on liabilities in accordance with Regulatory Bulletin RB3a-1, dated January 9, 1990, titled "Policy Statement on Growth for Savings Association." Following the approval of an Operating Plan, Greater Bethlehem shall, on a quarterly basis and within twenty-five (25) days of the close of the reporting quarter, file with the Regional Deputy Director, a written report indicating the Institution's compliance with the growth targets set forth in the Operating Plan.

10. Greater Bethlehem shall, to the extent it has not already done so, within thirty (30) days of the effective date of this Agreement:
 - a) Revise the loan underwriting policy to address the deficiencies relating to the underwriting of non-owner occupied properties noted on pages 6 and 7 of the ROE;

 - b) Revise the investment policy to address the deficiencies noted on page 4 of the ROE; and

 - c) Revise the option policy to address the deficiencies discussed on page 5 of the ROE.

11. Greater Bethlehem shall, within thirty (30) days of the effective date of this Agreement, implement corrective action(s) to alleviate the Financial Reporting Errors noted on page A - 25.1 of the ROE and the regulatory violations cited on page A - 26.1 and A - 26.2 of the ROE.

12. The adequacy of and compliance with the various policies and procedures required to be submitted to the Regional Deputy Director by this Agreement, as well as overall compliance with this Agreement, shall be determined by the Regional Deputy Director in conjunction with the next examination as well as future examinations of Greater Bethlehem.

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 Thrift 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 Greater Bethlehem which demonstrates just cause, the timeframes for the submission of policies and procedures and other required

documents, as prescribed within this Agreement, may be extended by the approval of the Regional Deputy Director 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.

This Agreement supersedes the July 2, 1990 Memorandum of Understanding between the OTS and the Institution in its entirety and shall remain in effect until terminated as an Agreement by OTS acting through its Regional Deputy Director. Additionally, the Regional Deputy Director may, in his discretion or acting upon application by the Institution, suspend any or all of such provisions of the Agreement during the term of the Agreement.

IN WITNESS WHEREOF, the OTS, acting through the Regional Deputy Director for the Pittsburgh Office, and Greater Bethlehem, 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 Greater Bethlehem Savings and Loan Association.

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officer or designated agent.

OFFICE OF THRIFT SUPERVISION

By: 151
Regional Deputy Director

GREATER BETHLEHEM SAVINGS AND
LOAN ASSOCIATION
Bethlehem, Pennsylvania

Board of Directors

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With the concurrence of the Department of
Banking, Savings Association Bureau, of the
Commonwealth of Pennsylvania

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Warren J. Callaway
Director

CERTIFIED COPY OF RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of GREATER BETHLEHEM SAVINGS AND LOAN ASSOCIATION (OTS No. 7232) (hereinafter referred to as "Greater Bethlehem") 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 June 17, 1991, 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:

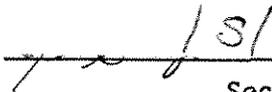
RESOLUTION

WHEREAS, the directors of Greater Bethlehem have read and considered the proposed Supervisory Agreement ("Agreement") attached to the minutes of the meeting of the Board of Directors held on June 17, 1991, 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 Greater Bethlehem.

The officers and employees of Greater Bethlehem 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 Greater Bethlehem this 17th day of June, 1991.


Secretary