

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

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<b>In the Matter of:</b>	)	
	)	
The Northumberland National Bank	)	AA-NE-2016-32
Northumberland, Pennsylvania	)	
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CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his national bank examiners and other staff of the Office of the Comptroller of the Currency (“OCC”), has supervisory authority over The Northumberland National Bank, Northumberland, Pennsylvania (“Bank”).

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 May 5, 2016, that is accepted by the Comptroller (“Stipulation”). By this Stipulation, which 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) The Board shall appoint and maintain a Compliance Committee of at least three (3) directors, of which a majority shall not be employees, officers or controlling shareholders of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)). Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be promptly 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. The Compliance Committee shall meet at least monthly and maintain minutes of its meetings.

(2) Within forty-five (45) days of the effective date of this Order, and thereafter within thirty (30) days of the end of each calendar quarter, or within such other time period as required by the OCC in writing, the Compliance Committee shall submit a written progress report to the Board setting forth in detail the actions taken to comply with each Article of this Order, and the results and status of those actions.

(3) The Board shall forward a copy of the Compliance Committee's report, with any additional written comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE II  
BOARD SUPERVISION AND COMPETENT MANAGEMENT

(1) Within one hundred twenty (120) days of the effective date of this Order, and on an ongoing basis thereafter, the Board shall ensure that the Bank has competent

and effective full-time management in place for all executive officer positions, including the Senior Trust Officer position, to: (i) carry out the Board's policies; (ii) implement effective corrective actions to address any violations of law or deficient practices as described in the most recent Report of Examination ("ROE") and any subsequent Report of Examination; (iii) ensure compliance with this Order, applicable laws, rules and regulations, and sound corporate governance practices; and (iv) manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within ninety (90) days of the effective date of this Order, and annually thereafter, the Board shall perform a written evaluation of corporate governance processes and management supervision in light of the Bank's condition. The Board's written evaluation shall include corrective actions with timeframes, be submitted to the Assistant Deputy Comptroller upon completion, and address whether:

(a) executive officers are capable of performing present and anticipated duties or whether changes should be made, considering each officer's performance, experience, and qualifications, compared to the position description, duties and responsibilities, with particular emphasis on the proposed responsibilities to correct the concerns raised in the ROE and any subsequent Report of Examination and to comply with this Order;

(b) Bank personnel have sufficient qualifications, training and authority to execute their duties and responsibilities and comply with the provisions of this Order;

(c) Board membership includes the appropriate level of expertise to

oversee the Bank's operations;

(d) an adequate written process is in place to evaluate the Bank's overall internal operations, staffing, Board and management oversight, information systems, policies, procedures, and other risk management systems, that includes strategies to address any identified deficiencies; and

(e) an adequate written process is in place to ensure management promptly responds to and appropriately corrects any audit, compliance, and/or regulatory criticisms.

(3) The Board shall establish, at least annually, the objectives it will use to measure the effectiveness of the Bank's executive officers.

(4) The Board shall perform an annual independent written performance appraisal for each of the Bank's executive officers, including the President. Each annual independent written performance appraisal shall evaluate the executive officer's performance according to the position's description and responsibilities and address the following:

(a) the officer's compliance with the Board's annually established objectives;

(b) the officer's compliance with Board approved policies and procedures;

(c) the officer's contribution to the development and implementation of action plans to remedy concerns raised in any Report of Examination or audit report and compliance therewith; and

(d) the officer's compliance, and impact on the Bank's compliance, with laws, regulations, regulatory guidance, and this Order.

(5) Within thirty (30) days of identifying any deficiency in an officer's performance as a result of the annual performance appraisal required pursuant to paragraph (4) or otherwise, the Board shall identify what corrective action is required to address the deficiency and ensure the Bank implements and adheres to such corrective action.

(6) Within one-hundred and twenty (120) days of the effective date of this Order, the Board shall develop and thereafter maintain and periodically update a written Board and management succession program that identifies the Bank's future management requirements and promotes the retention and continuity of competent and experienced management and board members. Upon completion, the Board shall submit a copy of the Board and management succession program, and any updates thereto, to the Assistant Deputy Comptroller.

### ARTICLE III CROSS TRADING REMEDIATION PLAN

(1) Within ninety (90) days of the effective date of this Order, the Board shall submit to the OCC for a written determination of no supervisory objection policies, procedures, and controls for the crossing of buy and sell orders for securities on a fair and equitable basis to the parties to the transaction, where permissible under applicable law.

(2) At the next Board meeting following the Bank's receipt of the OCC's written determination of no supervisory objection to the policies, procedures, and

controls required to be submitted pursuant to paragraph (1) of this Article, the Board shall adopt and ensure the Bank implements and thereafter adheres to such policies, procedures, and controls, subject to the Board's review and ongoing monitoring.

(3) The Bank shall not cross-trade securities in customer accounts until the Board has complied with paragraphs (1) and (2) of this Article, such compliance to be determined in the sole discretion of the OCC.

(4) The Bank shall adhere to the cross-trade Reimbursement Plan previously submitted to the OCC and shall not make any changes to the Reimbursement Plan without submitting a request to and receiving a written determination of no supervisory from the OCC.

(5) The Bank shall provide to the OCC weekly written progress updates on its Reimbursement Plan implementation and address any supervisory concerns communicated in writing by the OCC.

#### ARTICLE IV FORENSIC INVESTIGATION FINDINGS

(1) Within forty-five (45) days of the effective date of this Order, the Board shall submit to the OCC a report on the Bank's progress in addressing the concerns identified in the Bank's forensic investigation report. The progress report shall include:

(a) a list of each issue identified in the forensic investigation report, the Bank's proposed corrective action and the current status of each corrective action;

(b) corrective actions the Bank still needs to implement, the

mechanism used to track the Bank's implementation of such corrective actions, including the party responsible for overseeing implementation of the corrective action; and

- (c) the proposed timeframe for resolution.

## ARTICLE V ACCOUNT ADMINISTRATION

(1) Within one hundred twenty (120) days of the effective date of this Order, the Board shall submit to the OCC for a written determination of no supervisory objection written policies and procedures for the proper administration of fiduciary and custody accounts that provide for:

- (a) periodic administrative reviews of fiduciary and custody accounts of sufficient scope and quality to identify administrative exceptions;

- (b) a process to ensure all administrative exceptions, whether identified internally, by the Bank's auditors, or during any OCC examination, are tracked to resolution;

- (c) the administration of fiduciary accounts in accordance with the terms of the governing instrument, 12 C.F.R. Part 9 and other applicable law;

- (d) the administration of custody and other accounts for which the bank does not have investment discretion in accordance with the terms of the account agreement, including a process to ensure the Bank receives, and documents its receipt of, customer direction before executing transactions in such accounts; and

(e) a process to ensure the Bank exercises investment discretion only for accounts for which the governing instrument or applicable account agreement provides written authority for the Bank to do so.

(2) At the next Board meeting following the Bank's receipt of the OCC's written determination of no supervisory objection to the policies and procedures the Board is required to submit pursuant to paragraph (1) of this Article, the Board shall adopt and ensure the Bank implements and thereafter adheres to such policies and procedures, subject to the Board's review and ongoing monitoring.

#### ARTICLE VI INVESTMENT MANAGEMENT PROCESSES

(1) Within one hundred twenty (120) days of the effective date of this Order, the Board shall submit to the OCC for a prior written determination of no supervisory objection, a written investment management program to appropriately manage the Bank's risk with regard to accounts for which the Bank has investment discretion, and to ensure the Bank provides investment management services in accordance with sound fiduciary principles, applicable law and OCC guidance, including the "Investment Management Services" booklet of the *Comptroller's Handbook* (August 2001), OCC Bulletin 2008-10, *Fiduciary Activities of National Banks: Annual Reviews of Fiduciary Accounts Pursuant to 12 CFR 9.6 (c)* (March 27, 2008), as applicable, and any subsequent OCC guidance. The program shall provide for:

(a) a detailed process for the selection and monitoring of equity securities purchased and held in discretionary accounts, including well



documented research and analysis in support of investment decisions;

(b) a detailed process for the selection and monitoring of fixed income securities purchased and held in discretionary accounts, including well documented research and analysis in support of investment decisions.

(c) a process to ensure investment decisions are made only by sufficiently trained and qualified personnel, or a qualified and competent third-party;

(d) a process to periodically update investment objectives for discretionary accounts that includes consideration of the account's risk profile and the needs of both principal and income beneficiaries;

(e) a process to ensure discretionary account annual investment reviews comply with 12 C.F.R. § 9.6 and include a proper review of all account assets to evaluate whether they are appropriate, individually and collectively, for the account; and

(f) a process to document all exceptions identified during the annual account review required under 12 C.F.R. § 9.6 and paragraph (e) above, and to track all exceptions to appropriate resolution.

(2) At the next Board meeting following the Bank's receipt of the OCC's written determination of no supervisory objection to the written program the Board is required to submit pursuant to paragraph (1) of this Article, the Board shall adopt and ensure the Bank implements and thereafter adheres to the program, subject to the Board's review and ongoing monitoring.

(3) The Board shall ensure the Bank's engagement of any third party to meet the requirements of paragraph (1) of this Article is consistent with OCC Bulletin 2013-29, Third-Party Relationships: Risk Management Guidance (October 30, 2013), including the following:

- (a) the engagement is pursuant to a written agreement that clearly articulates the third party's responsibilities,
- (b) such written agreement is executed only after the Bank has conducted appropriate due diligence regarding the third party; and
- (c) the Bank has developed an acceptable process to monitor the activities of the third party on an ongoing basis to ensure its adherence to the terms of the written agreement.

## ARTICLE VII ASSET MANAGEMENT GOVERNANCE AND CONTROLS

(1) Within one hundred and twenty (120) days of the effective date of this Order, the Board shall submit to the OCC for a written determination of no supervisory objection a written program to ensure effective oversight and controls for trust department operations. The program shall include at a minimum:

- (a) the Board's monthly review of trust department reports that address key risk indicators and relevant metrics, including compliance and audit exception tracking, financial performance and budget variations, administrative and investment review exception tracking, and investment performance measurement;

- (b) an ongoing training program for trust department management and staff, specifically tailored to management's and staff's level of experience and expertise, that covers relevant asset management concepts, established industry standards, and applicable legal requirements and regulatory guidance;
  - (c) appropriate controls over the movement of cash and other assets to and from accounts administered by the trust department;
  - (d) an initial review of current trust accounting system user access levels to identify and rectify situations where users have unnecessary or inappropriate system access;
  - (e) periodic review of trust accounting system user access levels to ensure access levels remain consistent with user job functions and responsibilities;
  - (f) the evaluation and identification of all other trust department operational systems and processes that require separation of duties and the maintenance of dual controls, and appropriate controls covering these systems and processes;
  - (g) appropriate controls for reconciling trust department accounts, including proper standards for review and elevation of discrepancies and exceptions, and a method to track discrepancies and exceptions to resolution;
- (2) At the next Board meeting following the Bank's receipt of the OCC's written determination of no supervisory objection to the program the Board is required to submit pursuant to paragraph (1) of this Article, the Board shall adopt and ensure the

Bank implements and thereafter adheres to such program, subject to the Board's review and ongoing monitoring.

(3) The Bank's internal audit shall periodically test and verify that the Bank is adhering to the program and that it remains effective and is functioning as designed.

#### ARTICLE VIII ASSET MANAGEMENT FEES AND EARNINGS

(1) Within one hundred and twenty (120) days of the effective date of this Order, the Board shall adopt fee schedules that cover all accounts administered by the trust department and a timeline for the Bank's implementation of such fees by no later than March 31, 2017. The fee schedules and the timeline for implementation shall be:

(a) consistent with applicable law, including for fiduciary accounts 12 C.F.R. § 9.15; and

(b) consistent with the Bank's long-term goals for account retention and financial profitability;

(2) Within one hundred and twenty (120) days of the effective date of this Order, the Board shall adopt and ensure the Bank implements and thereafter adheres to a process for reviewing all accounts administered by the trust department to ensure such accounts are charged fees in accordance with the fee schedules developed pursuant to paragraph (1) of this Article.

#### ARTICLE IX FIDUCIARY AUDIT

(1) Within ninety (90) days of the effective date of this Order, the Board shall

adopt and ensure the Bank implements and thereafter adheres to a revised Fiduciary Audit Program that complies with the requirements of 12 C.F.R. § 9.9, and provides for:

- (a) an audit scope suitable to cover the trust department's significant fiduciary activities as required by 12 C.F.R. § 9.9, including procedures to test for appropriate internal controls and for compliance with applicable fiduciary laws and regulations;
- (b) a review of the competence, experience and independence of the external auditor engaged to conduct the fiduciary audit;
- (c) a requirement that the fiduciary audit include an overall assessment on the effectiveness of fiduciary controls;
- (d) the Fiduciary Audit Committee's review of all fiduciary audit reports within thirty (30) days of receipt, and, at the next Board meeting following the Fiduciary Audit Committee's review, its report to the Board on the audit findings.

ARTICLE X  
BANK SECRECY ACT/ANTI-MONEY LAUNDERING INTERNAL CONTROLS

(1) Within ninety (90) days of effective date of this Order, the Board shall adopt and ensure the Bank implements and thereafter adheres to a revised BSA/AML written compliance program that covers the Bank's trust department to ensure the Bank's ongoing compliance with the Bank Secrecy Act, as amended, the regulations promulgated thereunder at 31 C.F.R. Chapter X and 12 C.F.R. §§ 21.11 and 21.21, and the rules and regulations of the Office of Foreign Assets Control ("BSA/AML

Compliance Program”). The revised BSA/AML Compliance Program shall, at a minimum, incorporate the requirements contained in paragraphs (2) through (5) of this Article.

(2) The Bank shall review and update its BSA/AML customer risk rating process and methodology for trust department customers and accounts in accordance with the Federal Financial Institutions Examination Council (“FFIEC”) BSA/AML Examination Manual and other applicable regulatory guidance. The BSA/AML customer risk-rating process and methodology shall, at a minimum:

(a) provide a comprehensive approach to quantifying BSA/AML risk for new and existing trust customers and accounts. The quantification of risk shall encompass a customer’s entire relationship with the Bank, include the purpose of the account, actual or anticipated activity in the account (e.g. type, volume, and value (number and dollars) of transaction activity engaged in), nature of the customer’s business or occupation, customer location, types of products and services used by the customer, material changes in the customer’s relationship with the Bank, and incorporate other factors discussed in the FFIEC BSA/AML Examination Manual, as appropriate; and

(b) be reassessed by Bank management periodically, and no less than every twelve (12) months.

(3) The Bank shall review and update, in accordance with the FFIEC BSA/AML Examination Manual and other applicable regulatory guidance, its risk-based processes to obtain and analyze appropriate customer due diligence information for trust

department customers and accounts at the time of account opening and on an ongoing basis, and effectively use this information in monitoring account activity, and investigating suspicious or unusual activity. The customer due diligence processes shall include, at a minimum:

- (a) processes commensurate with the customer's risk profile, and sufficient for the Bank to develop an understanding of normal and expected customer activity;
  - (b) for high-risk accounts, documented analyses of enhanced due diligence gathered to facilitate ongoing monitoring efforts, including expectations for customer activities;
  - (c) documented, periodic review of customer activity based on the relationship risk, type, volume, and value of customer activities in relation to normal and expected levels to determine if the customer's activity is reasonable, that customer due diligence is current and complete, the customer risk rating is accurate, and any other facts that impact BSA/AML risk;
  - (d) a quality assurance process to ensure the reviews conducted in accordance with subparagraph (c) are comprehensive and accurate; and
  - (e) standards and processes for elevating reviews for additional management consideration regarding increased monitoring, additional due diligence, or account closure.
- (4) The Bank shall develop, implement, and thereafter adhere to suspicious activity monitoring policies, procedures and processes to ensure the Bank's timely and

effective identification and review of potential suspicious activity involving customer relationships and accounts administered by the trust department, and the Bank's compliance with the requirements to file suspicious activity reports set forth in 12 C.F.R. § 21.11, as amended. At a minimum, the policies, procedures and processes shall include:

- (a) procedures, consistent with the Suspicious Activity Reporting section of the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual, for identifying, monitoring and reporting suspicious activity, known or suspected violations of Federal law, violations of the BSA, or suspicious transactions related to potential money laundering activity within the Bank's trust department, including suspicious activity relating to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank;
  - (b) procedures to address cases where there is on-going suspicious activity to ensure appropriate management review and determination of whether the customer relationship should be continued; and
  - (c) procedures to ensure the Bank thoroughly documents individual SAR decisions.
- (5) The Bank shall ensure it has an effective risk-based BSA/AML independent testing function to ensure the Bank's adherence to effective BSA/AML internal controls for trust department customers and accounts, including evaluation of the Bank's BSA/AML risk assessment, and customer due diligence, enhanced due diligence and suspicious activity monitoring processes for trust customers and accounts.



ARTICLE XI  
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 quarterly 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 one hundred and twenty (120 ) days of the effective date of this Order, 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 one hundred and twenty (120) 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 Report of Examination 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.

ARTICLE XII  
OTHER PROVISIONS

(1) Although the Bank is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the OCC, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's documents, books, and records.

(2) In each instance in this Order in which the Board is required to take action, ensure adherence to, and undertake to perform certain obligations of the Board or of the Bank, it is intended to mean that the Board shall:

(a) authorize, direct, and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;

(b) ensure that the Bank has sufficient processes, management, personnel, and control systems to ensure implementation of and adherence to the programs developed pursuant to this Order, and that Bank management and personnel have sufficient training and authority to execute their duties under this Order;

(c) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;

(d) follow-up on any non-compliance with such actions in a timely and appropriate manner; and

(e) require corrective action be taken in a timely manner of any non-compliance with such actions.

(3) Each citation or referenced guidance included in this Order includes any subsequent guidance that replaces, supersedes, amends, or revises the cited law, regulation, or guidance.

(4) The provisions of this Order are effective upon issuance 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, through his authorized representative.

(5) Except as otherwise explicitly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(6) If the Bank requires a waiver or suspension of any provision or an extension of any timeframe within this Order, the Board shall submit a written request to the OCC asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail, with relevant supporting documentation, the special facts and circumstances that support the waiver or suspension of any provision or an extension of a timeframe within this Order.

(7) The OCC's decision concerning a request submitted pursuant to paragraph (6) of this Article is final and not subject to further review.

(8) 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 Comptroller or the United States.

(9) 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.

(10) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

(11) All reports or plans that the Bank or Board has agreed to submit to the Assistant Deputy Comptroller or OCC pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Assistant Deputy Comptroller  
Comptroller of the Currency  
Philadelphia Field Office  
1150 Northbrook Drive, Suite 303  
Trevose, Pennsylvania 19053

IT IS SO ORDERED this 5 day of May, 2016.

/S/

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Julie A. Pleimling  
Assistant Deputy Comptroller

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

**In the Matter of:**

The Northumberland National Bank  
Northumberland, Pennsylvania

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AA-NE-2016-32

**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 cease and desist proceedings against The Northumberland National Bank, Northumberland, Pennsylvania (“Bank”), pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges for unsafe and unsound banking practices, including those relating to Board and management oversight, asset management account administration, governance and controls and investment management practices; and

**WHEREAS**, the Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated May 5, 2016 (“Order”) by executing this “Stipulation and Consent to the Issuance of a Consent Order” (“Stipulation”);

**NOW THEREFORE**, in consideration of the above premises, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I  
JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 et. seq.

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

(3) The Comptroller is “the appropriate Federal banking agency” regarding the Bank pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

ARTICLE II  
CONSENT

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank consents and agrees that the Order shall be deemed an “order issued with the consent of the depository institution” pursuant to 12 U.S.C. § 1818(h)(2), and consents and agrees that the Order shall become effective upon its execution by the Comptroller through his authorized representative, and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818(i).

(3) Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818, and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(4) The Bank declares that no separate promise or inducement of any kind has been made by the Comptroller, or by his agents or employees, to cause or induce the Bank to consent to the issuance of the Order and/or execute this Stipulation.

(5) The Bank expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities.

(6) The terms and provisions of this Stipulation and the Order shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Stipulation or the Order, express or implied, shall give to any person or entity, other than the parties hereto, and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Stipulation or the Order.

### ARTICLE III WAIVERS

- (1) The Bank, by executing this Stipulation and consenting to the Order, waives:
- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
  - (b) any and all procedural rights available in connection with the issuance of the Order;
  - (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(b) and (h), 12 C.F.R. Part 19;
  - (d) all rights to seek any type of administrative or judicial review of the Order;
  - (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 or the Order, whether arising under common law or 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; and
  - (f) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV  
CLOSING

(1) The provisions of this Stipulation and the Order shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, the Comptroller deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

(2) Nothing in this Stipulation or the Order shall preclude any proceedings brought by the Comptroller to enforce the terms of the Order.

(3) The terms of the Stipulation, including this paragraph, and of the Order are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements 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.

/S/  
Julie A. Pleimling  
Assistant Deputy Comptroller

5-5-16  
Date



**IN TESTIMONY WHEREOF**, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/S/  
Timothy J. Apple

5/5/16  
Date

/S/  
Willard J. Bowen

5-5-16  
Date

/S/  
John T. Fogarty

5-5-16  
Date

/S/  
Amanda G. Kessler

5-5-16  
Date

/S/  
Anthony B. Markunas

5/5/16  
Date

/S/  
William J. Roll

5/5/16  
Date

/S/  
J. Donald Steele, Jr.

5/5/16  
Date