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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 10th day of December, 1998 (the "Effective Date"), by and between Seymour Sussman, Richard D. Sussman, Lynn M. Sussman, John R. Sussman, Victoria Sussman, Irwin Cohen, Bernard Dackman, Joel Dackman, Jay A. Dackman and Ilene Dackman (the "Key Group"), stockholders of Valley Bank of Maryland ("Valley" or the "Institution"), OTS No. 08228, a federally chartered stock savings association, and the Office of Thrift Supervision ("OTS"), an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., acting through its Southeastern Regional Director or his designee ("Regional Director"). For purposes of this Agreement, all references to the Key Group's stock shall include any corporate or partnership entities that own shares of stock in Valley and that are themselves owned or controlled by one or more members of the Key Group.

WHEREAS, the OTS is the primary federal regulator of the Institution; and

WHEREAS, based upon information available to the OTS in its capacity as the primary federal regulator of Valley, the OTS is of the opinion that the Key Group has engaged in acts and practices that have resulted in violations of certain of the laws or regulations to which the Key Group and the Institution are subject; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of an administrative proceeding against the Key Group; and

WHEREAS, the OTS is of the view that it is appropriate to take measures to ensure that the Key Group will comply with all applicable laws and regulations; and

WHEREAS, the Key Group, without admitting or denying that such grounds exist except those as to jurisdiction, which are admitted, wish to cooperate with the OTS and to evidence their intent to comply with all applicable laws and regulations.

NOW THEREFORE, in consideration of the above premises, the mutual undertakings set forth herein, the Parties hereto agree as follows:

Compliance With Laws And Regulations

1. The Key Group shall comply with the provisions of 12 U.S.C. § 1817(j)[1] and 12 C.F.R. Part 574 (1998).

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[1] All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

Increase in Ownership

2. The following provisions shall govern increases in ownership of Institution stock by the Key Group after the Effective Date of this Agreement:

   a. For purposes of this Agreement, the term "Application" shall refer to either a Rebuttal of Control Application ("Rebuttal") or a Notice of Change in Control ("Notice"). The OTS's notice of intent not to disapprove the Notice or its approval of the Rebuttal will be hereafter collectively referred to as the "Application Approval";

   b. The Key Group shall not, as of the Effective Date of this Agreement, increase their ownership in any class of voting securities of Valley, unless and until the OTS has issued its Application Approval of the Application required to be filed by Paragraph 4. However, individual members of the Key Group may purchase shares from other members of the Key Group, so long as the total percentage ownership of the Key Group does not increase beyond the level in existence as of the Effective Date.

   c. All shares of Valley's stock that are owned or controlled by the Key Group, directly or indirectly, in excess of 9.9 percent of the total outstanding shares of stock of Valley are considered to be Excess Shares (and are hereafter referred to as "Excess Shares")

Transfer of Voting Control

3. Until such time as the Key Group has received notice that the OTS has approved its Application, the Key Group shall not vote Excess Shares on any issue put to a shareholder vote. A proxy for the Excess Shares shall be given to management of Valley within 30 days of the Effective Date of this Agreement (the "Proxy"), and shall not be revoked until such time as: 1) the Application has been approved pursuant to Paragraph 4 of this Agreement; 2) the Excess Shares have been divested pursuant to Paragraph 5 of this Agreement; 3) the Excess Shares have been transferred to a trust pursuant to Paragraph 7 of this Agreement; or 4) the Trust has been dissolved pursuant to Paragraph 10 of this Agreement. The Proxy shall permit management to vote all of the Excess Shares held by the Key Group on a pro-rata basis, in accordance with the votes of the other stockholders of Valley.

Filing of Notice; Divestiture

4. Within 30 days of the Effective Date of this Agreement, the Key Group shall File with the OTS such Application as is required by 12 C.F.R. Part 574. The Key Group shall diligently pursue the Application and receive all necessary OTS approvals to permit the Key Group to own or control total aggregate shares of Valley in excess of 9.9 percent of the total outstanding shares of stock of Valley. If the Key Group receives notice that the OTS has disapproved the Application, or the OTS deems the Application withdrawn, the Excess Shares shall be transferred to a trust in accordance with Paragraph 7 below. It is understood by the parties that execution of this Agreement by the Key Group shall not be a "presumptive disqualifier" (as that term is defined in 12 C.F.R. §574.7(g)) with respect to consideration or acceptance by the OTS of the Application.

5. If, within 30 days of the Effective Date of this Agreement, the Key Group has not filed an Application as required in Paragraph 4 above, the Key Group shall arrange for a sale and transfer of the Excess Shares, or otherwise divest of the Excess Shares to parties who are neither (i) deemed to be acting concert with any member of the Key Group, pursuant to 12 C.F.R. §574.4(d), nor (ii) with whom any member of the Key Group is "acting in concert" as that term is defined in 12 C.F.R. §574.2(c). Such sale or divestiture shall take place no later than 180 days after the Effective Date of this Agreement and shall be undertaken on a pro rata basis by all members of the Key Group. This time may be extended by the Regional Director, in his sole discretion, upon application in writing by the Key Group and for good cause shown. If the Excess Shares have not been divested within 180 days of the Effective Date of this Agreement, or such longer period as the Regional Director may, in his sole discretion, permit, then the Excess Shares shall be transferred to a trust in accordance with Paragraph 7 below.

Control By The Key Group

6. For so long as any Excess Shares are subject to the provisions of Paragraph 3 of this Agreement, the Key Group shall not, directly or indirectly:

   a. Seek or accept representation by more than one director on the Board of Directors of Valley;

   b. Have or seek to have more than one representative serve on an executive or similar committee of the Board of Directors of Valley;

c. Engage in any transactions with Valley, provided, however, that members of the Key Group may continue to engage in pre-existing deposit or lending arrangements on terms and conditions no more favorable than those provided to the general public;

d. Influence or attempt to influence in any respect the lending or credit decisions or policies of the Institution, except that a representative of the Key Group who is serving as a director of Valley as of the Effective Date of this Agreement may continue to influence such decisions in a manner consistent with their fiduciary duty to the Institution;

e. Influence or attempt to influence the dividend policies and practices of the Institution or any decision or policy of the Institution as to the offering or exchange of any shares of stock, except that a representative of the Key Group who is serving as a director of Valley as of the Effective Date of this Agreement may continue to influence such decisions in a manner consistent with their fiduciary duty to the Institution;

f. Have or seek to have any representative serve as an officer, agent, or employee of Valley or the Institution;

g. Propose a director or slate of directors in opposition to a nominee or slate of nominees proposed by the management or Board of Directors of Valley;

h. Solicit proxies or participate in any solicitation of proxies with respect to any matter presented to the stockholders of the Institution, except that a member of the Key Group who is serving as a director of Valley as of the Effective Date of this Agreement may participate in any solicitations conducted by management of Valley; or

i. Seek to amend, or otherwise take action to change, the bylaws, articles of incorporation, or charter of the Institution, except that a member of the Key Group who is serving as a director of Valley as of the Effective Date of this Agreement may participate in any amendment or change sought by management of Valley, consistent with his or her fiduciary duty to Valley.

Transfer to Trust

7. If the Key Group elects to file an Application with the OTS pursuant to Paragraph 4 of this Agreement, and (i) the OTS notifies the Key Group that it has disapproved said Application, or (ii) if said Application is deemed to be withdrawn by the OTS, or (iii) if

the Key Group fails to divest the Excess Shares in accordance with Paragraph 5 of this Agreement, then the Key Group shall, within 30 days after receipt of the OTS notice of disapproval or withdrawal, or at the end of the 180 day period provided for in Paragraph 5, transfer all of the Excess Shares to a trust properly endorsed for transfer or accompanied by fully endorsed stock powers, after revoking the proxy granted to management of Valley pursuant to Paragraph 3(a) of this Agreement. The trust terms and the trustee must be approved in advance by the Regional Director. Such approval shall be made in the sole discretion of the Regional Director. During the period the trustee has possession of the Excess Shares, the Key Group shall not exercise any control, directly or indirectly, over the Excess Shares and shall not exercise any control, directly or indirectly, over said trust or trustee, except that the Key Group may direct the trustee to sell all or a portion of the Excess Shares, as their interests may appear. The trustee shall sell or otherwise dispose of the Excess Shares no later than one year (365 days) after transfer of the Excess Shares to the Trust.

Action of the Trustee

8. The trustee shall vote the Excess Shares on a pro-rata basis in accordance with the votes of Valley's other common stockholders. To effect this requirement, the trustee shall provide written instructions to Valley's Secretary that the Excess Shares shall be voted on this basis and shall furnish a copy of such instructions to the Regional Director. The Key Group shall promptly take all steps necessary to enable the trustee to take such actions.

Control by the Trustee

9. The trustee shall not exercise or attempt to exercise, directly or indirectly, control or a controlling influence over the management or policies of Valley. While the trustee has possession of the Excess Shares, he or she shall not directly or indirectly engage in any of the prohibited activities listed in subparagraphs (a) through (i) of Paragraph 6 of this Agreement.

Dissolution of the Trust

10. If, for any reason, the stock ownership of the Key Group in Valley, or any other person or entity acting in concert with the Key Group with respect to Valley shall, in the aggregate, fall below ten (10) percent of the outstanding shares of Valley, or upon the approval by the OTS of an Application filed by the Key Group, the trust may be dissolved, the voting instruction to the Secretary of Valley may be rescinded and the Excess Shares still held by the trust returned to the Key Group, as appropriate, and the activities restrictions set forth in Paragraph 6 of this Agreement shall no longer be applicable.

Definitions

11. 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, HOLA, FDIA or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

Successor Statutes, Regulations, Guidance, Amendments

12. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

Notices

13. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with the OTS or the Key Group shall be in writing and mailed, first class or overnight courier, or by means of electronic transmission, or physically delivered, and addressed as follows:

OTS:

William T. Simpson, Review Examiner
Office of Thrift Supervision - Southeast Region
1475 Peachtree Street, N.E.
Atlanta, Georgia 30309

Key Group:

Leonard S. Volin, Esq.
Housley, Kantarian & Bronstein, P.C.
Suite 700
1220 19th St., N.W.
Washington, D.C. 20036

Duration, Termination or Suspension of Agreement

14. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below and (ii) remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

15. The Regional Director in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

Time Limits

16. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted. Such time limitations may be extended by the Regional Director, in his sole discretion, upon written application by the Key Group.

Effect of Headings

17. The Section headings herein are for convenience only and shall not affect the construction hereof.

Separability Clause

18. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his sole discretion determines otherwise.

No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted; Relation To State Law

19. Nothing in this Agreement shall be construed as: (i) allowing the Key Group to violate any law, rule, regulation, or policy statement to which they are subject or (ii) restricting the OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

Successors in Interest/Benefit

20. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto, the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Integration Clause

21. This Agreement represents the final written agreement of the Parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

Enforceability of Agreement

22. This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Key Group. The Key Group acknowledge that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. §1818.

Counterparts

23. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

THIS SPACE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Key Group hereby execute this Agreement as of the Effective Date.

/S/
Seymour Sussman

/S/
Richard D. Sussman

Lynn M. Sussman

John R. Sussman

Victoria Sussman

Irwin Cohen

Bernard Dackman

Joel Dackman

Jay A. Dackman

Ilene Dackman

OFFICE OF THRIFT SUPERVISION

By:

/S/
John E. Ryan
Regional Director

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