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UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

In the Matter of DELWARE SAVINGS BANK, FSB Wilmington, Delaware	RE: Resolution No. Pit 90-21 Dated: November 29, 1990

STIPULATION AND CONSENT TO
ISSUANCE OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its District Director for the Pittsburgh District Office, OTS, and DELAWARE SAVINGS BANK, FSB Wilmington, Delaware ("DELAWARE") stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that the grounds exist to initiate an administrative cease and desist proceeding against DELAWARE pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)). DELAWARE is of the opinion that it is presently complying with the material terms covered in the accompanying Order to Cease and Desist (the "Order") and that Delaware's officers and directors have properly exercised their business judgment in the performance of their duties. DELAWARE desires to cooperate with the OTS and avoid the time and expense of administrative litigation and, without admitting

or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative cease-and-desist litigation against DELAWARE with respect to the matters covered in the accompanying Order with the express understanding that neither party will issue a press release or other publication with respect to said Order focusing on DELAWARE except for OTS, SEC, and other filings required by law and also required to be publicly available or appearing in OTS reports issued in the ordinary course of business.

2. Jurisdiction.

(a) DELAWARE is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, DELAWARE is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)).

3. Consent. DELAWARE consents to the issuance by the OTS of the Order. It further agrees to continue the compliance programs initiated by its board of directors and fully comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)). Upon its issuance by the District Director for the Pittsburgh District Office, OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(i)).

5. Waivers. DELAWARE waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(b)), and further waives any right to seek judicial review of the Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1818(h)), or otherwise to challenge the validity of the Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its District Director for the Pittsburgh District Office, OTS, and DELAWARE by a majority of its directors, execute this Stipulation and Consent to Issuance of Order to Cease and Desist.

OFFICE OF THRIFT SUPERVISION	DELAWARE SAVINGS BANK, FSB by its directors
By: /S/ Richard B. Pow District Director Pittsburgh District Office	/S/ /S/ /S/ /S/ /S/ /S/ /S/ /S/ /S/ /S/

UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

In the Matter of	)	
DELAWARE SAVINGS BANK, FSB	)	RE: Resolution No. Pit 90-21
Wilmington, Delaware	)	Dated: November 29, 1990

ORDER TO CEASE AND DESIST

WHEREAS, DELAWARE SAVINGS BANK, FSB, Wilmington, Delaware ("DELAWARE") through its directors has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation"), and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its District Director for the Pittsburgh District Office. OTS; and

WHEREAS, DELAWARE in the Stipulation, has consented and agreed to the issuance of this ORDER to Cease and Desist ("ORDER") pursuant to Section 8(b) of the Federal Deposit Insurance Act as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED that DELAWARE and its directors, officers, employees, agents and service corporation shall cease and desist from any violation of, or the aiding and abetting of any violation of:

(i) Section 563.41 (restrictions on real property transactions with affiliated persons) of the Rules and Regulations of the Office of Thrift Supervision ("OTS Regulations") (12 C.F.R. § 563.41);

(ii) Section 563.43 (restrictions on loans and other investments involving affiliates and affiliated persons) of the OTS Regulations (12 C.F.R. § 563.43);

(iii) Section 563.93 (loans to one borrower) of the OTS Regulations (12 C.F.R. § 563.93);

(iv) Section 563.160 (classification of certain assets) of the OTS Regulations (12 C.F.R. § 563.160);

(v) Section 563.170(c) (establishment and maintenance of records) of the OTS Regulations (12 C.F.R. § 563.170(c));

(vi) Section 563.171 (appraisal policies and practices) of the OTS Regulations (12 C.F.R. § 563.171);

(vii) Section 563.176 (interest rate risk management procedures) of the OTS Regulations (12 C.F.R. § 563.176); and

(viii) Part 567 (capital) of the OTS Regulations (12 C.F.R. Part 567), with consideration given to Provision 25 of this Order.

IT IS FURTHER ORDERED THAT IN FURTHERANCE OF AND IN CONJUNCTION WITH THE FOREGOING:

1. DELAWARE's Board of Directors shall actively fulfill its fiduciary responsibilities to ensure that Delaware is safely and soundly managed in accordance with OTS Memorandum R 62. To this end, the Board shall obtain and/or retain competent management; shall not use their positions to profit personally at the expense of DELAWARE; avoid any transaction which would give the appearance of a conflict of interest or usurpation of corporate opportunity; oversee the activities of the institution by attending directors' meetings on at least a monthly basis; require that adequate and reliable information is provided upon which the board can make decisions and to make the necessary policy decisions upon which management is to operate the institution.

2. The official minutes of all Board and committee meetings shall clearly and accurately reflect the level of supervision exercised over management by the Board, shall attest to the Board's active involvement, and shall indicate that the directors are cognizant of and have studied documentation upon which their decision-making is based. To this end, the utilization of telephonic board and committee meetings shall immediately cease.

3. Effective the date of this ORDER and to the extent that it has not already complied with this Provision, DELAWARE shall not and shall not permit any wholly-owned or majority-owned subsidiary or affiliate of the institution to enter into, renew or revise any contractual arrangement with any consultant without the prior written approval of the District Director.

4. From the effective date of this ORDER and to the extent that it has not already complied with this Provision, DELAWARE shall not, except for legally binding commitments outstanding as of the effective date of this ORDER, make or commit to make, purchase or commit to purchase, finance or commit to finance, disburse or commit to disburse, all of any part of any loan in which an employee, officer, director or other affiliated person of DELAWARE has an interest in the loan without the prior approval of the District Director or his designee.

   Furthermore, within thirty (30) days of the effective date of this ORDER, the Board shall adopt and submit to the District Director a conflict of interest policy consistent with the requirements of 12 C.F.R. § 571.7 for DELAWARE covering all officers, directors, employees and other affiliated persons.

5. From the effective date of this ORDER and to the extent that it has not already complied with this Provision, DELAWARE or DSB Service Corporation shall not, except for legally binding commitments outstanding as of the effective date of this ORDER, make or commit to make, purchase or commit to purchase, refinance or commit to refinance, disburse or commit to disburse, all or any part of any of the following types of loans:

   (a) land acquisition and development;

   (b) commercial real estate;

   (c) commercial business loans;

   (d) land loans;

(e) construction loans, including but not limited to those granted on a speculative basis to builders/contractors of custom built homes for individuals and multi-family dwellings for acquisition and development and for commercial real estate; and

(f) letters of credit.

The *following types of loans* are *not prohibited by this provision:*

(i) loans secured by one-to-four family dwellings (residential first mortgage loans and/or home equity loans) not to exceed $300,000 to any one borrower provided, the appropriate underwriting is performed and documentation obtained;

(ii) loans secured by savings accounts;

(iii) consumer loans granted under 12 C.F.R. § 561.12, provided, the appropriate underwriting is performed and documentation obtained;

(iv) renewals and maturity extensions of non-criticized loans outstanding at the effective date of this ORDER, provided no additional funds are advanced and the Board performs the following:

- the Board determines that the institution's or subsidiaries' renewal and/or maturity extension involving a non-criticized loan is not detrimental to the best interests of DELAWARE or DSB Service Corporation; and
- prior to renewal and/or maturity extension, a majority of the full Board approves the renewal and/or maturity extension and certifies in writing, the specific reasons why failure to so act would be

substantially detrimental to the best interests of DELAWARE or DSB Service Corporation. A copy of the Board certification shall be maintained in the credit file of the affected borrower(s).

Furthermore, except as provided in clauses (i) through (iv) above, DELAWARE or DSB Service Corporation shall not make or commit to make, refinance or commit to refinance, disburse or commit to disburse any direct real estate investments or investments in joint ventures.

The foregoing restrictions shall continue until the District Director has determined that DELAWARE and DSB Service Corporation are in substantial compliance with this ORDER and safe and sound underwriting policies and procedures have been developed and adopted by the Board with regard to the loans restricted by this Provision, provided however, that the restrictions of this Provision shall terminate immediately upon definitive approval by the OTS of an application filed by an acquiror of Delaware if during the OTS application process, Delaware and the acquiror reasonably demonstrate to the satisfaction of the OTS the following:

- o safe and sound underwriting policies and procedures have been adopted by the board for the loans of the type set forth in clauses (a) through (f) of this Provision; and

- o competent management will be employed in the recapitalized Delaware to underwrite the loans set forth in clauses (a) through (f) of this Provision in a safe and sound manner.

Additionally, Delaware shall be in compliance with its fully phased-in risk based capital requirement as defined by OTS Regulation 567.2 (a)(1)(i) prior to the resumption of loan activity of the type set forth in clauses (a) through (f) of this Provision.

6. With respect to assets criticized in the Report of Examination dated December 18, 1989 or any subsequent Report of Examination, which exceed one hundred thousand dollars ($100,000), DELAWARE or any of its subsidiaries shall not, directly or indirectly extend additional credit (which for the purposes of this ORDER shall include renewals, extensions, or capitalization of accrued interest.

7. The immediately preceding paragraph shall not apply if:

   (a) the Board determines that the institution's or subsidiary's extension of credit involving a Criticized Asset is not detrimental to the best interests of DELAWARE or its subsidiary;

   (b) a comparison with the written program adopted pursuant to Provision No. 10 of this Order indicates that the Board's formal plan to collect or strengthen said criticized asset is not compromised; and

   (c) prior to extending any additional credit, a majority of the full Board approves the credit extension and certifies, in writing, the specific reasons why failure to so act would be substantially detrimental to the best interests of DELAWARE or its subsidiary. A copy of the Board certification shall be maintained in the credit file of the affected borrower(s).

8. DELAWARE shall immediately establish to the extent it has not already done so, prudent, general, and specific valuation allowances in accordance with 12 C.F.R. § 563.160 and the Report in amounts not less than $958,343 and $402,436, respectively. Written Board confirmation of such action shall be provided to the District Director.

Furthermore, the Board shall review the general valuation allowance ("GVA") on a quarterly basis and ensure that it is maintained at an adequate level in accordance with 12 C.F.R. § 563.160 and the guidelines to be set forth in DELAWARE's Internal Loan Review Policy (see Provision No. 12 of this ORDER). Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the GVA. Any determination of deficiency in the GVA which is based on the board's analysis shall be remedied in the quarter it is discovered or in the quarter immediately following by an additional expense to earnings prior to the filing of Delaware's Thrift Financial Report.

9. DELAWARE shall within sixty (60) days of the effective date of this ORDER, submit to the District Director a strategic plan to address the institution's poor asset quality. Said plan shall, at the minimum, address the Board of Director's strategy to minimize future losses, control further deterioration in the institution's asset quality and return the institution's asset quality to a safe and sound level.

Furthermore, an institution officer shall be appointed by the Board of Directors to review on a quarterly basis Delaware's compliance with this strategic plan and report any deviations therefrom directly to the Board of Directors.

10. In conjunction with Provision No. 12 of this ORDER, DELAWARE shall within thirty (30) days of the effective date of this ORDER either engage an outside consulting firm or appoint a competent full-time employee(s) to assume responsibility for the workout of existing classified loans and real estate owned. The District Director shall be informed on a timely basis of the individual(s) or firm(s) selected by Delaware.

Additionally, individual strategic asset plans (the "Plans") shall be developed and submitted to the District Director within thirty (30) days of the date of implementation of the Plans for each asset criticized in the Report as "Special Mentioned", "Substandard", or "Doubtful" and in each case where the aggregate loans or other extensions of credit exceed two hundred thousand dollars ($200,000). The Plans shall include, at a minimum:

(a) an identification of the expected sources of repayment;

(b) the appraised value of supporting collateral and the position of Delaware's lien on such collateral where applicable;

(c) an analysis, to the extent available, of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;

(d) the proposed action to eliminate the basis of criticism and the anticipated time frame for its accomplishment; and

(e) quarterly status reports reflecting collection efforts, repayment, sales activity and/or rental status.

11. Within thirty (30) days of the effective date of this ORDER and to the extent that it has not already in compliance with the following, DELAWARE shall establish a problem asset committee of at least three Directors. The specific function of the committee shall be:

(a) To monitor all assets classified and/or special mentioned within the Report;

(b) To develop programs which help minimize the institution's loss exposure for problem loans and real estate owned; and

(c) To provide quarterly status reports on all assets classified and/or special mentioned within the Report. Such reports shall be provided to the District Director on a quarterly basis beginning with the quarter ending December 31, 1990. The reports are due within fifteen (15) days of the close of each month or quarter. The report required by this paragraph can be the same as that required within Provision No. 10(e) of this ORDER provided, the committee affirms the report's findings.

The committee established pursuant to this provision shall meet at least monthly and minutes of its meetings shall be duly recorded. The committee shall report its findings each month at the Board of Directors meeting. A meeting of the committee shall be held no later than thirty (30) days following the effective date of this ORDER.

12. DELAWARE shall within forty-five (45) days of the effective date of this ORDER, submit to the District Director, an internal loan review program which has been expanded in order to provide criteria to identify potential problem credits, to assure the adequacy of valuation allowances, to adequately monitor all problem loans and related lines on an ongoing basis, and to provide senior management and the Board with an objective assessment of the overall quality of the loan portfolio. Subject program shall, at a minimum, comply with the following:

(a) Establish criteria to promote the early identification of credit weaknesses to minimize losses;

(b) Internal loan review requirements and procedures outlined within Section 210 of the OTS Thrift Activities Regulatory Handbook titled "Lending Risk Assessment";

(c) Establish guidelines for maintaining adequate general valuation allowances in conformance with the criteria set forth in Section 261 of the OTS Thrift Activities Regulatory Handbook;

(d) Provide for monitoring procedures to ascertain compliance with policies, procedures, laws and regulations;

(e) 12 C.F.R. § 563.160;

(f) Address the internal loan monitoring deficiencies cited by the examiners within the Report;

(g) Provide for adequate and competent personnel; and

(h) Provide senior management and the board of directors with an objective assessment of the overall quality of Delaware's loan portfolio.

The internal loan review program shall also apply to loans serviced by DELAWARE's subsidiaries and/or other outside servicers. Additionally, an institution officer or a committee of outside directors shall be appointed to review compliance with this program on a quarterly basis and report any deviations to the full Board of Directors.

13. In conjunction with the Internal Loan Review Program, DELAWARE shall within forty-five (45) days of the effective date of this ORDER, submit to the District Director. loan administration policies and procedures which provide for a prudent and on-going credit administration and evaluation of the institution's loan portfolio. Said program shall ensure that the institution's loan records as well as its wholly-owned subsidiaries' loan records include loan documentation required by 12 C.F.R. § 563.170(c) and where applicable, shall contain signed and duly attested current financial statements; current certified rent rolls, pre-leases or lease commitments; and documented analysis of such documents. Furthermore, an institution officer or a committee of outside directors shall be appointed to review compliance with this policy on a quarterly basis and report any deviations to the full Board of Directors.

14. To the extent it is not already in compliance with the following, DELAWARE shall immediately discontinue investing in mortgage derivative products in accordance with Thrift Bulletin 12 ("TB 12"). For purposes of this ORDER, mortgage derivative products include collateralized mortgage obligations

("CMO's"), real estate mortgage investment conduits ("REMIC's"), stripped mortgage-backed securities (interest-only securities) ("IO's"), (principal-only securities) ("PO's") and pass-through mortgage-backed securities with senior/subordinated structures. With respect to the one-stripped mortgage-backed government security currently held by Delaware and having a fair-market value less than the amount paid by Delaware, such security may by retained by Delaware until such time as it is prudent to dispose of it.

15. To the extent it is not already in compliance with the following, DELAWARE shall immediately restrict liability growth to interest credited on liabilities in accordance with Regulatory Bulletin RB 3a-1, dated January 9, 1990, titled "Policy Statement on Growth for Savings Associations". Furthermore, on a quarterly basis and within fifteen (15) days of the close of the reporting quarter, DELAWARE shall file with the District Director, a written report indicating the institution's compliance with RB 3a-1.

16. Within sixty (60) days of the effective date of this ORDER, DELAWARE shall submit to the District Director 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 for the period preceding any proposed acquisition of Delaware or sale of any or all of its assets. The Operating Plan shall also include budget assumptions and pro forma financial statements.

17. On a quarterly basis coinciding with the institution's own fiscal year and within forty-five (45) days of the close of each quarter, the Board of Directors shall file with the District 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.

18. DELAWARE shall immediately comply with the appraisal requirements of 12 C.F.R. § 563.170(c)(1)(iv), § 563.171 and § 563.172. Additionally, DELAWARE's appraisal policies and procedures shall be amended to alleviate the appraisal exceptions noted on Page 16 of the Report. A copy of the revised appraisal policy shall be forwarded to the District Director within thirty (30) days of the effective date of this ORDER.

19. DELAWARE shall within thirty (30) days of the effective date of this ORDER, file with the District Director, a written interest rate risk management policy in accordance with 12 C.F.R. § 563.176 and Thrift Bulletin TB 13 and 13-2, dated January 26, 1989 and December 27, 1989, respectively. Additionally, the institution's interest rate risk management policy shall address the policy exceptions noted by the examiners within the Report on pages 18 and 19.

20. Within forty-five (45) days of the effective date of this ORDER, the Board shall approve and forward to the District Director an investment policy for the institution, revised to eliminate the weaknesses in the present policy discussed on page 18 of the Report.

21. DELAWARE shall within sixty (60) days of the effective date of this ORDER, file with the District Director, a Loan Diversification Policy. Said policy shall, at a minimum, comply with the policy guidelines outlined within Section 211 of the OTS Thrift Activities Regulatory Handbook, titled "Loan Portfolio Diversification."

22. DELAWARE shall within sixty (60) days of the effective date of this ORDER file with the District Director a major borrower policy. Said policy shall, at a minimum, address the exceptions discussed on page 14 of the Report and the loans to one borrower requirements of 12 C.F.R. § 563.93.

23. The adequacy of and compliance with the various policies and procedures required to be submitted to the District Director by this ORDER, as well as overall compliance with this ORDER shall be determined by the District Director in conjunction with the next examination as well as future examinations of DELAWARE and its subsidiaries.

24. This Order shall terminate immediately upon the consummation of an acquisition whereby DELAWARE is merged with and into another entity and resulting in DELAWARE not being held by such entity as a separate subsidiary. In addition, if the OTS definitively approves an acquisition involving Delaware whereby Delaware is held and maintained as a separate subsidiary of an acquiror, and if Delaware is then in compliance with its fully phased-in risk-based capital requirement as defined by OTS Regulation 567.2(a)(1)(i), Delaware may petition the District Director for relief from any provision of this Order and the District Director may amend and/or modify the Order to the extent considered prudent by the District Director. Upon subsequent examinations of Delaware, the District Director will consider removal of the Order.

25. Inasmuch as DELAWARE is not presently in compliance with the minimum regulatory capital requirements set forth in OTS regulations, 12 C.F.R. Section 567.2, DELAWARE shall continue to exercise its best efforts to restore its capital to the minimum level required under the regulations and acceptable to the OTS. In addition, DELAWARE shall file within not more than 30 days from the effective date of this Order a Capital Plan. Provided the Board cooperates with the OTS in establishing an acceptable Capital Plan, DELAWARE will not be deemed to be in violation of any provision of this Order as a result of capital shortfall during the period that this Order is in effect to the extent that any such shortfalls are not the result of any violations of this Order.

The Board shall take whatever steps are necessary to ensure full compliance by DELAWARE with the requirements of this ORDER.

All technical words or terms used in this ORDER, for which meanings are not specified or otherwise provided by the provisions of this ORDER, shall insofar as applicable, have meanings as defined in Chapter V of Title 12 Code of Federal Regulations, and any such technical words or terms used in this ORDER and undefined in said Code of Federal Regulations, shall have meanings that accord with the best custom and usage in the savings and loan industry.

OFFICE OF THRIFT SUPERVISION

By: /S/
Richard B. Pow
District Director
Pittsburgh District Office