

Acceptance Letter After Offer

(Date)

Mr. Michael Smith
Senior Vice President
NATIONAL COOPERATIVE BANK
1650 Massachusetts Avenue, N.E.
Washington, DC 20009

Dear Mike:

Over the past several weeks we have had a number of substantive discussions. I have a clear picture of the position and I am confident that we will accomplish our objectives. I look forward to starting on February 13, 2005. Let me outline the particulars, as I understand them.

1. The position is Vice President - Commercial Loans.
2. Starting salary \$92,500.00 with an initial salary grade range of \$74,000 to \$111,000. However, the ceiling on the grade will be raised in the near future as part of a bank wide review.
3. You will personally review my performance prior to the completion of my first 90 days. A performance-based salary adjustment will be made tied to the goals and objectives outlined below.
4. The bonus Plan will be expanded to include my position. I will be eligible for an annual bonus in 2005 tied to the specific performance objectives mutually agreed to during the next 90 days.
5. To further my professional education, my training expenses for any commercial lending seminars will be paid by the bank including the Robert Morris Associates Fall conference in November 2005 (subject to your final approval).
6. The bank will support my involvement in Robert Morris Associates. The affiliation with RMA will help all of our lending and credit personnel.
7. The bank will pay \$5,000 towards out-of-pocket relocation expenses.

The following represents the objectives we agreed upon for the first 90 days. They will be the bases for the performance review and salary adjustment to be scheduled no later than 90 days after my start date.

1. Complete an evaluation of the current staff available to support our commercial lending effort. With your guidance, this evaluation will include the development of training programs to motivate retained staff and a voluntary plan for the separation of individuals unable to achieve their objectives. This review should improve efficiency and reduce turnaround time.
2. Complete an examination of our loan policy to be sure it serves our customers' needs and the needs of the bank. The head of Corporate Banking and the President would approve all policy changes. We will communicate the changes to all levels of management.
3. Jointly with you and the Vice President of Business Development, evaluate the lending skills of our regional lenders and provide the necessary training in loan structure, negotiations, policy, financial analysis and legal documentation. We will utilize internal resources and existing programs when appropriate. Approve loans within my lending authority of \$1,000,000 and serve as a member of the Loan Committee.
4. Visit (along with the appropriate senior officers and business development officers) our major clients and prospects. The purposes of the meetings are to: 1) review the relationship, 2) assist the business development officer with the relationship and, 3) improve our image by introducing our senior officers to clients.

Mike, this outline of our understanding is very important to my long term career goals and me. Since we have discussed each item in detail, I will assume we are in full agreement.

Of course, I will need to rely upon your guidance and experience during this period. I look forward to seeing you again on the 13th.

Sincerely,