



Special Supervision Division
400 7th St. SW, Suite 3E-218
Mail Stop 8E-12
Washington, DC 20219

**Supervisory Condition #2014-01
January 2014**

December 19, 2013

Via E-mail and First Class Mail

Board of Directors
First National Community Bank
102 East Drinker Street
Dunmore, PA 18512

**Re: Notice of Change in Director or Senior Executive Officer – Louis DeNaples
(12 U.S.C. § 1831i, 12 C.F.R. § 5.51)**

Dear Members of the Board:

The Office of the Comptroller of the Currency (“OCC”) has reviewed and evaluated your *Notice of Change in Director or Senior Executive Officer* (“Notice”), to appoint Louis DeNaples as a director. Based on the Notice and other information available to this office, the OCC has decided not to disapprove the proposed change, subject to the condition imposed below.

Mr. DeNaples may assume the position of director of the First National Community Bank (“Bank”) immediately provided that he satisfies the requirements of all applicable statutes and regulations including the requirements of 12 U.S.C. § 73 and 12 C.F.R. § 7.2008. Additionally, the Board shall ensure compliance with the Board’s by-laws and articles of association before Mr. DeNaples assumes the position of director.

The OCC hereby provides notice of intent not to disapprove Mr. DeNaples as a director, subject to the following condition:

The Bank and Mr. DeNaples will implement and adhere to the commitments included in the Joint Motion for Dismissal with Prejudice filed on September 18, 2013, in the *Matter of Louis DeNaples*, No. AA-EC-09-98.

This condition of the notice of intent not to disapprove is a condition “imposed in writing by a Federal Banking agency in connection with any action on any application, notice or other request” within the meaning of 12 U.S.C. § 1818. As such the condition is enforceable under 12 U.S.C. § 1818.

Mr. DeNaples has until February 21, 2014 to assume the position of director of the Bank, unless

extended in writing by the OCC for good cause. The Board is reminded that the OCC's decision not to disapprove the Notice should not be interpreted as an approval or endorsement of Mr. DeNaples as director of the Bank. It remains the Board's responsibility to ensure that he has the qualifications necessary to perform the required duties and responsibilities effectively.

The Board is reminded that the Bank is subject to the Golden Parachute regulation, 12 C.F.R. Part 359, because of its "troubled condition" status. Accordingly, the Board must ensure compliance with the requirements of 12 U.S.C. §1828(k) and 12 C.F.R. Part 359 when entering into any employment agreement or agreement with Mr. DeNaples or any other "institution-affiliated party" (as defined in 12 C.F.R. § 359.1(h)). Please refer to the FDIC's Financial Institution Letter 66-2010 (October 14, 2010) for additional information related to golden parachutes.

This letter and the activities and communications by OCC employees in connection with the Bank's notice, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

This letter shall immediately be provided to each member of the Board, and this letter shall be reviewed and discussed at the next meeting of the Board. This letter and the Board's discussion regarding this letter shall be included in the minutes of the next meeting of the Board.

Should you have any questions, please do not hesitate to contact Problem Bank Specialist Ramah Chansen at (202) 649-6450.

Sincerely,

/s/

James R. Moore
Director for Special Supervision

cc: Mr. DeNaples
Arnold & Porter, LLP