

SETTLEMENT AND RELEASE AGREEMENT

This Settlement and Release Agreement ("Agreement") is made as of this 1 day of March, 2012, by, between, and among the following undersigned parties:

The Federal Deposit Insurance Corporation, as receiver of Community National Bank at Bartow, Bartow, Florida ("FDIC-R"), and St. Paul Mercury Insurance Company ("St Paul") (individually, the FDIC-R, and St. Paul may be referred to herein as "Party" and collectively as the "Parties").

RECITALS

WHEREAS:

Prior to August 20, 2010, Community National Bank at Bartow, Bartow, Florida ("Bank") was a depository institution organized and existing under the laws of the United States.

On August 20, 2010, the Bank was closed by the Office of the Comptroller of the Currency, and pursuant to 12 U.S.C. § 1821(c), the FDIC was appointed receiver. In accordance with 12 U.S.C. § 1821(d), the FDIC-R succeeded to all rights, titles, powers and privileges of the Bank, including those with respect to its assets.

Among the assets to which the FDIC-R succeeded were any and all of the Bank's claims, demands, and causes of actions against companies that issued financial institution bonds to the Bank.

On November 15, 2010, the FDIC-R notified St. Paul of a potential claim under Financial

(b)(4) Institution Bond No. [redacted] (the "Bond"). On January 28, 2011, the FDIC-R submitted to St. Paul the Proof of Loss for the claim, which was assigned claim number [redacted] (b)(4) [redacted] and covered a check-kiting scheme perpetrated by Bank customer PMH Group, Inc. in 2009, prior to the closure of the Bank (the "Bond Claim").

The FDIC-R has made a claim under the Bond, and St. Paul has reserved its rights to deny coverage under the Bond for the Bond Claim asserted by the FDIC-R. Among other issues,

St. Paul has alleged that the loss was not discovered until after August 20, 2010

The undersigned parties deem it in their best interests to enter into this Agreement to avoid the uncertainty, trouble, and expense of litigation.

NOW, THEREFORE, in consideration of the promises, undertakings, payments, and releases stated herein, the sufficiency of which consideration is hereby acknowledged, the undersigned parties agree, each with the other, as follows:

SECTION I: Payment to FDIC-R

A. As an essential covenant and condition to this Agreement, St. Paul agrees to pay the FDIC-R the sum of Seventeen Thousand Five Hundred Sixty Five Dollars (\$17,565 00) ("the Settlement Funds").

B. Upon the execution of an original, or originals in counterpart, of this Agreement by each of the undersigned Parties to this Agreement, but no later than 21 days after the Agreement is fully executed (the "Payment Date"), St. Paul shall deliver the Settlement Funds to the FDIC-R by check or wire transfer. In the event that the Settlement Funds are not delivered to the FDIC-R (or its counsel) by the Payment Date, interest shall accrue on all unpaid amounts at the rate of 5% per annum from the Payment Date until the date payment is received by the FDIC-R.

C. In addition, and without waiving any other rights that the FDIC-R may have, in the event that all Settlement Funds (including all accrued interest) are not received by the FDIC-R by the Payment Date, then the FDIC-R, in its sole discretion, shall have the right at any time prior to receipt of all Settlement Funds (including all accrued interest) to declare this Agreement null and void, shall have the right to extend this Agreement for any period of time until it receives all Settlement Funds (including all accrued interest), and/or shall have the right to enforce this Agreement against St. Paul. If the FDIC-R chooses to enforce this Agreement, St. Paul agrees to the jurisdiction of the United States District Court for the Middle District of Florida. If the FDIC-R chooses to extend the terms of this Agreement or to accept a portion of

the Settlement Funds, doing so shall not prejudice its rights to declare this Agreement null and void at any time prior to receipt of all Settlement Funds (including all accrued interest, if any) or to enforce the terms of this Settlement Agreement; provided however, that delivery to the FDIC-R of some of the Settlement Funds shall reduce St. Paul's obligation to the FDIC-R under the Bond or under this Agreement solely in the amount of such received funds.

SECTION II: Releases

A. Release of St. Paul by FDIC-R.

Upon execution of this Agreement by each of the undersigned Parties and effective upon receipt in full of the Settlement Funds plus any accrued interest, as described in SECTION I above, and except as provided in PARAGRAPH II C. below, the FDIC, for itself and its successors and assigns, hereby releases and discharges St. Paul and its successors and assigns, its parents, subsidiaries, affiliates and reinsurers, and their successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, belonging to the FDIC-R, that arise from or relate to the Bond Claim.

B. Release of FDIC-R by St. Paul.

Effective simultaneously with the release granted in Paragraph II.A. above, St Paul, for itself and its successors and assigns, and on behalf of its parents, subsidiaries, and affiliates, and their successors and assigns, hereby releases and discharges the FDIC-R, and its employees, officers, directors, agents, representatives, successors and assigns, from any and all claims, demands, obligations, damages, actions, and causes of action, direct or indirect, in law or in equity, that arise from or relate to the Bond Claim.

C. Express Reservations From Releases By FDIC-R.

1. Notwithstanding any other provision of this Agreement, the FDIC-R does not release, and expressly preserves fully and to the same extent as if the Agreement had not been executed, any claims or causes of action against any person or entity that may be brought, arise under, or in any way relate to any other policy issued by St. Paul or its successors

and assigns, its parents, subsidiaries, affiliates and reinsurers, and their successors which are not expressly released in Paragraph II A above.

SECTION III: Representations and Acknowledgements

A. No Admission of Liability. The undersigned Parties each acknowledge and agree that the matters set forth in this Agreement constitute the settlement and compromise of disputed claims, and that this Agreement is not an admission or evidence of liability by any of them regarding any claim.

B. Execution in Counterparts. This Agreement may be executed in counterparts by one or more of the parties named herein and all such counterparts when so executed shall together constitute the final Agreement, as if one document had been signed by all parties hereto; and each such counterpart, upon execution and delivery, shall be deemed a complete original, binding the party or parties subscribed thereto upon the execution by all parties to this Agreement

C. Binding Effect. Each of the undersigned persons represents and warrants that they are a party hereto or are authorized to sign this Agreement on behalf of the respective party, and that they have the full power and authority to bind such party to each and every provision of this Agreement. This Agreement shall be binding upon and inure to the benefit of the undersigned parties and their respective heirs, executors, administrators, representatives, successors and assigns

D. Choice of Law. This Agreement shall be interpreted, construed and enforced according to applicable federal law, or in its absence, the laws of the State of Florida.

E. Entire Agreement and Amendments. This Agreement constitutes the entire agreement and understanding between and among the undersigned parties concerning the matters set forth herein. This Agreement may not be amended or modified except by another written instrument signed by the party or parties to be bound thereby, or by their respective authorized

attorney(s) or other representative(s).

F Reasonable Cooperation

1. The undersigned parties agree to cooperate in good faith to effectuate all the terms and conditions of this Agreement

G. Advice of Counsel. Each party hereby acknowledges that it has consulted with and obtained the advice of counsel prior to executing this Agreement, and that this Agreement has been explained to that party by its counsel.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by each of them or their duly authorized representatives on the dates hereinafter subscribed.

FEDERAL DEPOSIT INSURANCE CORPORATION

(b)(6)

Date:

3/8/12

BY:

[Redacted Signature]

TITLE:

Counsel

PRINT NAME:

Lisa A. Price

ST. PAUL MERCURY INSURANCE COMPANY

(b)(6)

Date:

BY:

[Redacted Signature]

TITLE:

JVP Fidelity Claim

PRINT NAME:

Tracey Santor