

APPROVED CONTRACTOR AGREEMENT

02/09

This Agreement is made this _____ (Date) between AFC FIRST FINANCIAL CORPORATION (AFC First), a Pennsylvania Corporation, and _____ (Contractor) a _____ Corporation.

WHEREAS, Contractor engages in the sale and installation of energy-related improvement goods and services ("Products and Services and Services"), and WHEREAS, Contractor 1) desires to be authorized provide such Products and Services and Services to its customers as an "Approved Contractor" under programs offered and/or administered by AFC First; 2) and/or desires to offer, credit sale purchase options to its customers through the use of in-home, retail installment sale contracts in order to assist such customers in purchasing Products and Services and Services from Contractor; 3) and/or be authorized to perform work financed by loans or leases made directly to its customers by AFC First or originated by AFC First on behalf other lenders.

WHEREAS, AFC First is in the business of purchasing in-home, retail installment sale contracts in certain states where its licensing or exemptions permits such purchases, making direct loans to consumer for energy-related improvements in certain states where its licensing or exemptions permits such lending, and originating commercial lease contracts.

WHEREAS, from time to time, Contractor may wish to sell to AFC First, and AFC First may wish to purchase from, certain valid retail installment sale contracts Contractor has entered into with its customers, all of such sales and purchases which will be subject to the terms and conditions of this Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual promises, covenants, and agreements set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Contractor and AFC First agree as follows:

1. Representations and Warranties of Contractor. Contractor represents, warrants and covenants to AFC First that:

A. At all times during the term of this Agreement, Contractor shall be and remain duly licensed, authorized to conduct business, and in good standing in all states in which it conducts business, and shall have the legal authority and power to offer, sell and/or install its Products and Services;

B. Contractor will not represent itself as an agent or employee of AFC First or any other governmental agency, lender, association or company involved in AFC First's programs, and will use the EnergyLoan®, Keystone HELP® or other AFC First program names and logos and the names and logos of any governmental agency, lender, association or company involved only as expressly permitted by AFC First.

C. With regard to any sale or installation of Products and Services, Contractor has complied with all applicable laws and regulations in the solicitation of the sale, installation and financing of its Products and Services, including the FTC "Cooling Off Rule"

D. The Products and Services will be duly delivered and set in place by the in a good and workmanlike manner, accepted by the borrower in good and habitable condition and working order, shall conform with all warranties, express or implied, representations, legal obligations and local, state and federal requirements and codes concerning the condition, construction, and placement of the eligible improvements, and upon receipt of notice from AFC First and/or borrower to correct any defective work and/or to replace defective material, Contractor will with sixty (60) days of such notice correct defective work and/or replace any defective materials.

THE CONTRACTOR HEREBY GUARANTEES ITS PERFORMANCE IN THE SALE AND INSTALLATION OF PRODUCTS AND SERVICES BUT DOES NOT GUARANTEE THE PERFORMANCE OF ANY BORROWER ON ANY INSTALLMENT SALE CONTRACT OR DIRECT LOAN PROGRAM.

E. Contractor represents that AFC First's right to receive payments under any installment sale contract or direct loan will not be subject to any defense the borrower may raise relating to proper sale and installation of Products and Services and by Contractor.

F. The construction contract or services agreement arises from the bona fide sale of the property and services described in the construction contract or services agreements underlying the installment sale contract, loan or lease to a bona fide borrower or customer, and the Contractor has not engaged in fraud, misrepresentations or deceptive practices

G. No part of any down payment has been provided directly or indirectly by Contractor, or to the best of Contractor's knowledge, by any other person;

H. Any dealer protection plan sold in conjunction with the sale or installation of Products and Services and will be in writing and in compliance with all applicable laws;

I. Contractor shall honor all warranty or service agreements of Contractor or manufacturer with any borrower;

J. AFC First may inspect Contractor's records and work to determine compliance with this Agreement.;

2. Breach of Representations and Warranties. In the event that Contractor breaches any of the warranties and/or representations herein, Contractor shall indemnify, defend and hold harmless AFC First for, from and against any and all claims, actions, causes of action, liabilities, damages, losses, and costs (including, without limitation, litigation-related costs and expenses and reasonable attorneys' fees) which result directly or indirectly from such breach. Losses as used herein include any amounts recovered by borrower from AFC First and any unpaid balance of the amount financed and any unpaid finance charges that are not paid by the borrower to AFC First due to such breach by Contractor pursuant to 16 C.F.R. 433 et. seq., Preservation of Borrower's Claims and Defenses.

3. Contractor Reporting Requirements. Contractor agrees to the following annual reporting requirements:

A. Review of Contractor financial statements to ensure tangible net worth and profitability requirements are maintained;

B. Dun and Bradstreet report confirming requirements maintained;

C. Provide three trade references;

D. Provide copy of any license required by law;

E. Provide Copy of Liability and Workmen's Compensation Insurance Policies.

4. Payment of Proceeds. The agreed-upon proceeds of each installment sale contract purchased or direct loan made hereunder will be payable by AFC First to the Contractor upon satisfaction of the following conditions. (i) as applicable, delivery of completed installment sale contract documents to AFC First or receipt of direct loan documents returned by customers and completion of AFC First quality check of these documents (ii) delivery of a completion certificate to AFC First by the Contractor, on a form supplied by AFC First and signed by the Contractor and the borrower, confirming that the work has been completed and is satisfactory and authorizing payment to Contractor, (iii) a telephone audit by AFC First and (iv) compliance with all applicable terms of this Agreement and all federal, state and local laws and regulations applicable to the transactions set forth herein;

5. Sale and Purchase of Retail Installment Sale Contracts. Notwithstanding anything to the contrary contained herein or elsewhere, Contractor shall not be obligated to sell to AFC First, and AFC First shall not be obligated to acquire from Contractor, any specific installment sale contract or any number or amount of installment sale contracts. AFC First shall not acquire from Contractor any installment sale contract, unless the same are executed and delivered by Contractor and all of the other conditions to a sale set forth herein or otherwise have been met to AFC First's complete and sole satisfaction. No liabilities or obligations of Contractor under or relating to any installment sale contract or otherwise are being assumed by AFC First hereunder, nor shall any such liabilities be assumed by AFC First by virtue of entering into this Agreement or purchasing any installment sale contract. The parties agree that when Contractor sells each installment sale contract to AFC First it shall also sell and convey:

(a) The original of each installment sale contract, endorsed and dated by Contractor as follows, if applicable, or as otherwise required by AFC First:

"For value received, the undersigned hereby sells, transfers and assigns to AFC all its right, title and interest in and to the within

instrument and any real or personal property securing the obligations evidenced thereby.”

- (b) The original of any security interest, if any;
- (c) Duly executed assignments and notices of assignments (each, an "Assignment") of any security interest in a form sufficient to transfer from Contractor to AFC First all of Contractor's right, title and interest in the applicable security interest, satisfactory to AFC First and recordable as provided by law;
- (d) The original credit application completed and signed by the borrower(s);
- (e) The original underlying Product work contract and all related rescission notices and completion certificates with respect to each work contract and installment sale contract, all properly executed and dated;
- (f) All of Contractor's right, title and interest in and to such installment sale contract, including all payments of principal and interest thereon;
- (g) All of Contractor's rights to insurance proceeds or insurance policies relating to such installment sale contract or the underlying real or personal property;
- (h) All documents, agreements, notices, instruments and assignments of any kind relating to the installment sale contract including all of Contractor's books, records, ledger cards, plus all certificates of title, appraisals, opinions or abstracts of title, certificates or policies pertaining to title insurance, hazard insurance, credit life or disability insurance, or any other certificate or document pertaining to the installment sale contract.;
- (i) All proceeds of any of the foregoing;

The execution, delivery and performance by Contractor of this Agreement, and of each of the documents contemplated hereunder which are required to be executed and delivered by Contractor on an ongoing basis, does not and will not: (i) violate any of the provisions of Contractor's governing documents; (ii) violate any provision of any law in effect which is applicable to Contractor, the installment sale contract, the work contract, or any security interest; (iii) require compliance with the notice procedures of any state's bulk transfer laws; (iv) violate any judgment, decree, writ, injunction, award, determination or order currently in effect applicable to Contractor or its properties or by which Contractor or its properties is or are bound or affected; (v) conflict with, or result in a breach of, or constitute a default under, any of the provisions of any indenture, mortgage, deed of trust, contract or other instrument to which Contractor is a party or by which it or its properties is or are bound; or (vi) result in the creation or imposition of any lien upon any of the properties of Contractor pursuant to the terms of any such indenture, mortgage, deed of trust or contract instrument.

6. Breach and Termination. In the event of a breach of any representation, warranty or covenant of Contractor, any claim by a borrower based upon allegations of fact which if found to be true would constitute a breach of Contractor's warranties herein or if Contractor or AFC First is named as a defendant or responding party in any administrative, regulatory, or judicial proceeding or complaint based upon allegations of fact which if found to be true would constitute a breach of Contractor's warranties or representations herein, Contractor shall: (a) At AFC First's request, immediately repurchase the installment sale contract or refund the payment made to them on a direct loan or lease affected by the breach of representation or warranty or alleged breach of representation or warranty by paying to AFC First the total purchase price or funded loan or lease amount for such account, plus accrued interest at the installment sale contract. Loan or lease rate, plus expenses, less actual payments received by AFC First after purchase or funding. Said repurchase or refunding is without any representation, warranty or recourse on part of AFC First; and (b) On demand, hold AFC First, its parent, subsidiaries, affiliates, lenders, successors and assigns and their respective officers, employees, agents and directors free and harmless from any resulting claims, losses, costs, damages, punitive damages, penalties, any return, forgiveness or cancellation of all or any part of the principal or interest paid or payable on any Account, any attorney fees, legal fees or expenses imposed or sought to be imposed upon it, however denominated, and, at AFC First's option, forthwith enter and defend AFC First at Contractor's sole expense in any judicial, administrative, or regulatory proceedings using counsel selected by AFC First. Either party may terminate this Agreement in writing at any time and for any reason by thirty (30) days written notice of termination. However, even if this Agreement is terminated as to future installment sale contracts, this Agreement shall remain in effect with regard to installment sale contracts, loans or leases originated hereunder. Termination of this Agreement does not release Contractor from any of its responsibilities or liabilities related to specific Installment sale contracts, loans or leases that arose before the termination, unless AFC First expressly agrees in writing to release Contractor from those responsibilities or liabilities.

7. Notices. All notices between the parties shall be in writing and shall be sent by registered or certified US Mail, return receipt requested, addressed to the address set forth below, (except that AFC First may notify Contractor of changes in its programs and procedures from time to time orally, by FAX, by mail, by hand delivery, or by whatever means AFC First in its sole discretion deems appropriate), or to such other address as may be specified by written notices delivered in accordance herewith.

(1) AFC First:

(2) Contractor

Peter J. Krajsa, President
AFC First Financial Corp.
P.O. Box 3558
Allentown, PA 18106

8. Amendment. This Agreement may be amended or modified by the parties from time to time, but only by written agreement executed by both parties.

9. Governing Law. This Agreement has been executed in and shall be governed by the laws of the Commonwealth of Pennsylvania.

10. Assignment. The rights and obligations under this Agreement shall not be assigned by the Contractor, except with the prior written consent of the AFC First, which consent shall not be unreasonably withheld. AFC First, however may sell or assign all or any part of its rights hereunder without the consent of Contractor.

11. Entire Agreement. The terms contained herein constitute the entire agreement of the parties with respect to the matters herein. Any representations or agreements that may have been made by any party prior to the execution of this Agreement with respect to such matters are void, and neither of the parties has relied on such prior representation in executing this Agreement. The recitals set forth above are included herein as if set forth in full. If any one or more of the provisions contained in this Agreement for any reason are held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision thereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the duly authorized representatives of each of the parties hereto have hereunto set their hands and seals as of the date and year first above written.

AFC FIRST FINANCIAL CORP.

Contractor/Dealer Name

President

Contractor/ Dealer Signature

Print Name and Title