

---

## Section 1: 8-K (FORM 8-K)

---

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

---

FORM 8-K

---

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): **October 29, 2018**

**SOUTHERN NATIONAL BANCORP OF VIRGINIA, INC.**

(Exact name of registrant as specified in its charter)

**Virginia**  
(State or other jurisdiction of incorporation)

**001-33037**  
(Commission File Number)

**20-1417448**  
(IRS Employer Identification No.)

**6830 Old Dominion Drive**  
**McLean, Virginia 22101**  
(Address of Principal Executive Offices) (Zip Code)

**(703) 893-7400**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

---

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Culver Employment Agreement*

On October 29, 2018, Southern National Bancorp of Virginia, Inc. (the “Company” or “Southern National”) and Sonabank entered into an employment agreement with Jeffrey H. Culver, President and Chief Operating Officer of the Company and Sonabank. The employment agreement with Mr. Culver has a term of two years, and provides for an initial base salary of \$350,000 and participation in such benefit plans, policies and programs as may be maintained, from time to time, by the Company.

If Mr. Culver is terminated by Southern National without cause (as defined in the employment agreement) prior to the expiration of the term, then (i) Mr. Culver will receive a severance payment equal to one times his base salary, payable in a single lump sum, and (ii) for 12 months following his termination of employment, or such earlier time that he becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise, the Company will pay to Mr. Culver an amount in cash equal to the excess of (x) the COBRA cost of continued coverage in the group health plan over (y) the amount that he would have had to pay for such coverage if he had remained employed during such 12-month period and paid the active employee rate for such coverage. In addition, Mr. Culver’s outstanding options will become fully-vested and exercisable as of the date of such termination. If such termination occurs during the two-year period immediately following a change in control (as defined in the Company’s 2017 Equity Compensation Plan), Mr. Culver’s severance would be equal to two times his base salary and the COBRA reimbursement period would be for 24 months. If the Company terminates Mr. Culver’s employment without Cause after the term of the employment agreement expires and Mr. Culver is subject to the restrictive covenants described below, then Mr. Culver will receive severance and COBRA reimbursement for 12 or 24 months, as the case may be, but no acceleration of the vesting of his stock options. All severance benefits under the employment agreement are conditioned upon Mr. Culver’s execution and non-revocation of a separation and full release of claims/covenant not to sue agreement.

The employment agreement provides that any incentive compensation paid to Mr. Culver, including both equity and cash incentive compensation, is subject to repayment or clawback in the event of certain restatements of the Company’s financial statements as further described in the agreement. The employment agreement also contains customary confidentiality covenants, as well as covenants regarding the non-solicitation of customer and employees and non-competition that apply for twelve months following the executive’s termination of employment.

*Karafa Change-in-Control Severance Agreement*

Also on October 29, 2018, Southern National and Sonabank entered into a change-in-control severance agreement with Jeffrey L. Karafa, Chief Financial Officer of the Company and Sonabank. The change-in-control agreement will terminate on the earliest of (i) the satisfaction of the Company’s severance obligations to Mr. Karafa following his termination of employment due to a qualifying termination (a termination without cause or resignation for good reason within 60 days before, or one-year following, a change in control, as such terms are defined in the change-in-control agreement), (ii) the date of Mr. Karafa’s termination of employment for any reason other than a qualifying termination or (iii) the first anniversary of a change in control. In the event of a qualifying termination, (i) Mr. Karafa will receive an amount equal to 1¼ times his base salary in effect immediately prior to the qualifying termination, payable during the 15-month period immediately following the date of termination in approximately equal installments, and (ii) for 12 months following his termination of employment, or such earlier time that he becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise, the Company will pay to Mr. Karafa an amount in cash equal to the excess of (x) the COBRA cost of continued coverage in the group health plan over (y) the amount that he would have had to pay for such coverage if he had remained employed during such 12-month period and paid the active employee rate for such coverage. In addition, Mr. Karafa’s outstanding options will become fully-vested and exercisable as of the date of such termination. The severance benefits are conditioned upon Mr. Karafa’s execution and non-revocation of a separation and full release of claims/covenant not to sue agreement.

---

The change-in-control agreement also contains customary confidentiality covenants, as well as covenants regarding the non-solicitation of customer and employees and non-competition that apply for twelve months following the executive's termination of employment.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit Number</b>	<b>Description</b>
<u>10.1</u>	<u>Employment Agreement, dated as of October 29, 2018, by and between Southern National Bancorp of Virginia, Inc., Sonabank and Jeffrey H. Culver.</u>
<u>10.2</u>	<u>Change-in-Control Severance Agreement, dated as of October 29, 2018, by and between Southern National Bancorp of Virginia, Inc., Sonabank and Jeffrey L. Karafa.</u>

---

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**SOUTHERN NATIONAL BANCORP OF VIRGINIA, INC.**

October 30, 2018

By: /s/ Joe A. Shearin  
Joe A. Shearin  
Chief Executive Officer

---

[\(Back To Top\)](#)

## Section 2: EX-10.1 (EXHIBIT 10.1)

**Exhibit 10.1**

**EXECUTION COPY**

### EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into this 29th day of October, 2018 by and by and between (i) Southern National Bancorp of Virginia, Inc. ("Company") and Sonabank (the "Bank") (collectively, the Company and the Bank shall be referred to as the "Employer"), and Jeffrey H. Culver ("Executive"), to be effective as of the Effective Date (as defined below).

### BACKGROUND

WHEREAS, Executive is currently serving as the President and Chief Operating Officer of the Company and the Bank; and

WHEREAS, the Company and the Bank desire to employ Executive and Executive desires to accept employment subject to the agreements and covenants of this Agreement.

NOW, THEREFORE, in consideration of the payments, consents and acknowledgements described below, in consideration of Executive's employment with the Employer, and in consideration of other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties agree as follows:

1. Effective Date; Term.

(a) Effective Date. This Agreement shall be effective as of October 29, 2018 (the "Effective Date").

(b) Term. Upon the terms and subject to the conditions set forth in this Agreement, the Employer hereby employs Executive, and Executive hereby accepts such employment, for the term commencing on the Effective Date and, unless otherwise earlier terminated pursuant to Section 4 hereof, expiring on the close of business on the second (2<sup>nd</sup>) anniversary of the Effective Date (the "Term"). If the Term expires and the parties agree that Executive will remain employed by the Employer but do not enter into a new employment agreement, then such employment shall be at-will and this Agreement will be of no further force and effect, except that Section 6 hereof, as well as any other provisions of this Agreement necessary to interpret or enforce Section 6 hereof, shall survive and continue to be in full force and effect in accordance with their terms.

2. Employment. Executive is hereby employed on the Effective Date as the President and Chief Operating Officer of the Company and the Bank. In his capacity as President and Chief Operating Officer of the Company and the Bank, Executive shall have the duties, responsibilities and authority commensurate with such position. During his employment with the Employer, and excluding any periods of vacation or sick leave to which Executive is entitled, Executive agrees to (i) devote all of his business effort, time, energy, and skill to fulfill his employment duties; and (ii) faithfully, loyally and diligently perform such duties. During his employment with the Employer, Executive shall not be engaged in or provide services to any other business or enterprise (whether engaged in for profit or not) which interferes with his obligations to the Employer. In his capacity as the President and Chief Operating Officer of the Company and the Bank, Executive will report directly to the Chief Executive Officer of the Company and the Bank.

---

### 3. Compensation and Benefits.

(a) Base Salary. During the Term, the Employer shall pay to Executive base salary at the rate equal to \$350,000 (“Base Salary”), less normal withholdings, payable in approximately equal bi-weekly or other installments as are or become customary under the Employer’s payroll practices for its Executives from time to time. The Compensation Committee of the Board of Directors of the Company and the Bank (the “Compensation Committee”) shall review Executive’s Base Salary from time to time and may increase, but not decrease, such Base Salary in connection with such review.

(b) Benefit Plans. During the Term, Executive shall be entitled to participate in or become a participant in any employee benefit plan maintained by the Employer for which Executive is or will become eligible on such terms as the Board, or committee thereof, may, in its discretion, establish, modify or otherwise change; provided, however, that Executive shall not be eligible to participate in the Eastern Virginia Bankshares, Inc. Supplemental Executive Retirement Plan; and provided further that nothing herein shall limit the ability of the Employer to amend, modify or terminate any such plans at any time and from time to time.

(c) Incentive Compensation. Executive shall receive such incentive awards, including but not limited to equity awards, in such manner and subject to such terms and conditions as the Board, or a committee thereof, in its sole discretion, may determine.

(d) Clawback. Executive agrees that any incentive compensation (including both equity and cash incentive compensation) that Executive receives from the Employer or a related entity is subject to repayment (i.e., clawback) to the Employer or such related entity as determined by the Board or its Compensation Committee in the event (i) of a restatement of the Employer’s financial results (other than a restatement caused by a change in applicable accounting rules or interpretations) the result of which is that the financial statements were materially inaccurate and any incentive compensation paid would have been a materially lower amount had it been calculated based on such restated results or (ii) the repayment is otherwise required by applicable state or federal law or regulation or stock exchange requirement, or by a separate “clawback” policy, as may be adopted from time to time by the Board. Except where offset of, or recoupment from, incentive compensation covered by Section 409A of the Code (as defined below) is prohibited by Section 409A of the Code, to the extent allowed by law and as determined by the Compensation Committee, Executive agrees that such repayment may, in the discretion of the Compensation Committee, be accomplished by withholding of future compensation to be paid to Executive by the Employer. Any recovery of incentive compensation covered by Section 409A of the Code shall be implemented in a manner which complies with Section 409A of the Code.

(e) Expenses. During the Term, and subject to Section 10 hereof, Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by Executive in the course of performing his duties and responsibilities under this Agreement, in accordance with the policies, practices and procedures of the Employer to the extent available to other peer executives with respect to travel and other business expenses.

### 4. Termination of Employment.

(a) Death. Executive’s employment shall terminate automatically upon his death.

(b) Termination by the Employer. The Employer may terminate Executive’s employment during the Term with or without Cause (as defined herein), in each case immediately on written notice to Executive. For purposes of this Agreement, a termination shall be considered to be for “Cause” if the Employer determines in good faith that any of the following has occurred: (i) Executive’s willful violation of any laws, rules or regulations applicable to banks or the banking industry generally; (ii) Executive’s material failure to comply with the Employer’s policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Employer, that, if capable of being cured, is not cured by Executive within ten (10) days of written notice by the Employer of the failure; (iii) any act of fraud, misappropriation or embezzlement by Executive; (iv) a material breach of this Agreement that, if such breach is capable of being cured, is not cured by Executive within ten (10) days of written notice by the Employer of the breach; or (v) Executive’s conviction of, or Executive’s pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining).

(c) Termination by Executive. Executive's employment may be terminated by Executive for any reason or no reason by delivering a notice of termination to the Employer thirty (30) days prior to the desired date of termination.

5. Obligations of the Employer upon Termination.

(a) Termination by the Employer Other Than for Cause. During the Term, if the Employer terminates Executive's employment other than for Cause, then the Employer shall pay to Executive in a lump sum in cash within thirty (30) days after the date of termination, Executive's Base Salary through the date of termination to the extent not theretofore paid (the "Accrued Salary") and the following severance benefits (the benefits provided in Section 5(a)(i), (ii) and (iii) being collectively referred to as the "Severance Benefits"), provided that, with respect to receipt of the Severance Benefits, Executive complies with Section 5(d) hereof and the obligations set forth in Section 6 hereof. For the avoidance of doubt, if Executive does not comply with the obligations set forth in Section 5(d) or Section 6 hereof, then any obligation of the Employer to pay the Severance Benefits pursuant to this Section 5(a) shall cease immediately upon Executive's breach thereof:

(i) subject to Section 10 hereof, the Employer shall pay to Executive an amount equal to (X) if such termination occurs outside the Change in Control Window (as defined herein), an amount equal to one (1) times Executive's then-current Base Salary, or (Y) if such termination occurs during the Change in Control Window, an amount equal to two (2) times Executive's then-current Base Salary (in either case, the "Severance Amount"), payable in a single lump sum on the first payroll date to occur after the sixtieth (60<sup>th</sup>) day after the date of termination. For purposes of this Agreement, "Change in Control Window" means the two (2) year period immediately following the effective date of a Change in Control (as such term is defined in the Company's 2017 Equity Compensation Plan);

(ii) if Executive elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Executive and/or Executive's eligible dependents would be entitled under Section 4980B of the Code (COBRA), then for (X) twelve (12) months, if such termination occurs outside the Change in Control Window, or (Y) twenty-four (24) months, if such termination occurs during the Change in Control Window (in either case, the "Group Health Benefits Continuation Period"), the Employer shall pay the excess of (1) the COBRA cost of such coverage over (2) the amount that Executive would have had to pay for such coverage if he had remained employed during the Group Health Benefits Continuation Period and paid the active employee rate for such coverage, provided, however, that (A) if Executive becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise, the Employer's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; (B) the Group Health Benefits Continuation Period shall run concurrently with any period for which Executive is eligible to elect health coverage under COBRA; (C) for all months after the initial eighteen (18) months of the Group Health Benefits Continuation Period, if any, the Employer-paid portion of the monthly premium for such group health benefits, determined in accordance with Code Section 4980B and the regulations thereunder, shall be treated as taxable compensation by including such amount in Executive's income in accordance with applicable rules and regulations; (D) during the Group Health Benefits Continuation Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans); (E) the reimbursement of an eligible taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; and (F) Executive's rights pursuant to this Section 5(a)(ii) shall not be subject to liquidation or exchange for another benefit; and

(iii) Executive's unvested equity awards outstanding on the Date of Termination, shall become fully vested and exercisable on the Date of Termination and shall otherwise remain subject to the terms and conditions of the equity plan pursuant to which they were granted and the award agreements evidencing the grant thereof.

(b) Termination by the Employer for Cause or Resignation by Executive; Death. If during the Term Executive's employment is terminated by the Employer for Cause or by Executive for any reason, or in the event of Executive's death, then the Employer shall have no further obligations to Executive or Executive's legal representatives under this Agreement, other than for payment of Accrued Salary, which shall be paid to Executive or Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days after the date of termination.

(c) Expiration of Term. If Executive's employment terminates due to the expiration of the Term, then the Employer shall have no further obligations to Executive or Executive's legal representatives under this Agreement, other than for payment of Accrued Salary, which shall be paid to Executive in a lump sum in cash within thirty (30) days after the date of termination. Notwithstanding the foregoing, if the Employer terminates Executive's employment other than for Cause (as defined in this Agreement) after the end of the Term and Executive is subject to the restrictions in Section 6, then Executive shall be entitled to the payments referenced in Section 5(a)(i)(X) or (Y), as applicable, and 5(a)(ii)(X) or (Y), as applicable, provided that Executive complies with Section 5(d) hereof and the obligations set forth in Section 6 hereof. For the avoidance of doubt, if Executive does not comply with the obligations set forth in Section 5(d) or Section 6 hereof, then any obligation of the Employer to pay the payments and benefits pursuant to this Section 5(c) shall cease immediately upon Executive's breach thereof.

(d) Separation Agreement/Release of Claims. Notwithstanding anything in the Agreement to the contrary, the Employer shall be obligated to provide the Severance Benefits pursuant to Section 5(a) hereof or the payments and benefits pursuant to Section 5(c) hereof only if within forty-five (45) days after the date of termination Executive shall have executed a separation and full release of claims/covenant not to sue agreement in the form provided by the Employer (the "Release Agreement") and such Release Agreement shall not have been revoked within the revocation period specified in the Release Agreement.

6. Restrictions on Competition and Disclosure and Use of Confidential Information.

(a) Confidential Information. Executive agrees that Executive shall not, directly or indirectly, use any Confidential Information (as defined herein) on Executive's own behalf or on behalf of any Person (as defined herein) other than the Employer, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by the Employer to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Executive further agrees that he shall fully cooperate with the Employer in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Employer's rights or Executive's obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Executive shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Executive shall provide the Employer with prompt notice of such requirement so that the Employer may seek an appropriate protective order prior to any such required disclosure by Executive.

Executive understands and acknowledges that nothing in this section limits his ability to initiate communications directly with, respond to any inquiry from, volunteer information to, or provide testimony before any government agency or otherwise participate in any reporting of, investigation into, or proceeding regarding suspected violations of law, or from making other disclosures that are protected under, or from receiving an award for information provided under, the whistleblower provisions of state or federal law or regulation. Executive does not need the prior authorization of the Employer to engage in such communications with any government agency, respond to such inquiries from any government agency, provide Confidential Information or documents containing Confidential Information to any government agency, or make any such reports or disclosures to any government agency. Executive is not required to notify the Employer that Executive has engaged in such communications with a government agency. Executive recognizes and agrees that, in connection with any such activity outlined above, Executive must inform the government agency that the information Executive is providing is confidential.

Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any state or federal trade secret law for the disclosure of a trade secret under either of the following conditions:

- Where the disclosure is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or
- Where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

For purposes of this Section 6, “Confidential Information” means any and all data and information relating to the Employer, their activities, business, or clients that (i) is disclosed to Executive or of which Executive becomes aware as a consequence of his employment with the Employer; (ii) has value to the Employer; and (iii) is not generally known outside of the Employer. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Employer: trade secrets (as defined by Virginia Uniform Trade Secrets Act); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Employer, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Employer. In addition to data and information relating to the Employer, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Employer by such third party, and that the Employer has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Employer. For purposes of this Section 6, “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(b) Non-competition. Beginning on the Effective Date and for a period continuing through the twelve (12) months following cessation of Executive's employment with the Employer (the "Restricted Period"), Executive shall not, directly or indirectly, within any State in the United States where the Employer has a retail bank branch at the time Executive's employment ceases, own any interest in, control or participate in the ownership or control of, or perform services that are the same as or substantially similar to the services Executive performed for the Employer pursuant to this Agreement for any company, person or entity engaged in a Competitive Business (as defined herein). A "Competitive Business" shall mean any person or entity that is providing deposits, money market accounts, certificates of deposit or other typical retail banking deposit-type services or loans on a retail level, to individuals, businesses or non-profit entities in any State in the United States in which the Employer has a retail bank branch at the time Executive's employment ceases. Notwithstanding the foregoing, nothing in this Agreement shall prevent Executive from owning for passive investment purposes not intended to circumvent this Agreement, less than five percent (5%) of the publicly-traded voting securities of any company engaged in the banking, financial services, insurance, brokerage or other business similar to or competitive with the Employer (so long as Executive has no power to manage, operate or control the competing enterprise and no power, alone or in conjunction with other affiliated parties, to select a director, manager, general partner, or similar governing official of the competing enterprise other than in connection with the normal and customary voting powers afforded Executive in connection with any permissible equity ownership).

(c) Non-solicitation of Employees. During the Restricted Period, Executive shall not, directly or indirectly solicit, induce or hire, or attempt to solicit, induce or hire, any person who is an employee of the Employer at the time Executive's employment ceases or within six (6) months prior thereto, to leave his or his employment with the Employer or join or become affiliated with any Competitive Business.

(d) Non-solicitation of Customers. During the Restricted Period, Executive shall not, directly or indirectly solicit or induce or attempt to solicit or induce, any customer, lender, supplier, licensee, licensor or other business relation of the Employer to terminate its relationship or contracts with the Employer, to cease doing business with the Employer, or in any way interfere with the relationship between any such customer, lender, supplier, licensee, licensor or business relation and the Employer.

(e) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the covenants in Section 6 will be inadequate, and that in the event Executive breaches any such covenant, the Employer shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Executive from violating the covenant and to have the covenant specifically enforced by any court of competent jurisdiction, it being agreed that any breach would cause irreparable injury to the Employer and that money damages would not provide an adequate remedy to the Employer. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Employer at law or in equity. The Employer and Executive understand and agree that, if the parties become involved in legal action regarding the enforcement of the covenants in Section 6, the prevailing party in such legal action will be entitled, in addition to any other remedy, to recover its reasonable costs and attorneys' fees incurred in enforcing or defending action with respect to such covenants. The Employer's ability to enforce its rights under the covenants in Section 6 or applicable law against Executive shall not be impaired in any way by the existence of a claim or cause of action on the part of Executive based on, or arising out of, this Agreement or any other event or transaction.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Executive's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Employer or its affiliated companies and for which Executive may qualify. Amounts that are vested benefits or which Executive is otherwise entitled to receive under any plan, policy, practice or program of the Employer or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice or program.

8. Full Settlement; No Mitigation. The Employer's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Employer may have against Executive or others. In no event shall Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Executive obtains other employment.

9. Successors. This Agreement is personal to Executive and shall not be assignable by Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Executive's legal representatives. This Agreement can be assigned by the Employer and shall be binding and inure to the benefit of the Employer, and their successors and assigns.

10. Code Section 409A.

(a) General. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code) ("Section 409A of the Code"). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Employer nor its directors, officers, employees or advisers, shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Executive as a result of the application of Section 409A of the Code.

(b) Definitional Restrictions. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code ("Non-Exempt Deferred Compensation") would otherwise be payable or distributable hereunder by reason of Executive's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Executive by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service," in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, then, subject to subsection (c) below, such payment or distribution shall be made at the time and in the form that would have applied absent the non-409A-conforming event.

(c) Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Executive's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Employer under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Executive's separation from service will be accumulated through and paid or provided on the first day of the seventh month following Executive's separation from service (or, if Executive dies during such period, within 30 days after Executive's death) (in either case, the "Required Delay Period"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

(d) Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Executive's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60<sup>th</sup> day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Employer may elect to make or commence payment at any time during such period.

(e) Timing of Reimbursements and In-kind Benefits. If Executive is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Executive's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right of Executive to reimbursement of expenses under this Agreement shall be subject to liquidation or exchange for another benefit.

11. Modified Cutback of Compensation Deemed to be Contingent on a Change of Control. If any benefits or payments are to be made under the terms of this Agreement or any other agreement between Executive and the Employer following a transaction that constitutes a change in the ownership or effective control of the Employer or in the ownership of a substantial portion of the assets of the Employer such that the provisions of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder ("Code Section 280G") or Section 4999 of the Internal Revenue Code and any regulations thereunder could potentially apply to such compensation, then the following provisions shall be applicable:

(a) In the event the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer) determine that some or all of the payments or benefits scheduled under this Agreement, as well as any other payments or benefits on such change of control, would be nondeductible by the Employer under Code Section 280G, then the payments scheduled under this Agreement and all other agreements between Executive and the Employer will be reduced to one dollar less than the maximum amount which may be paid without causing any such payment or benefit to be nondeductible. Any reduction of benefits or payments required to be made under this Section 11(a) shall be taken in the following order: first from cash compensation and then from payments or benefits not payable in cash, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date of determination.

(b) Notwithstanding the foregoing Section 11(a), in the event the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer) determine that the net economic benefit to Executive after payment of all income and excise taxes is greater without giving effect to Section 11(a) than Executive's net economic benefit after a reduction by reason of the application of Section 11(a), then Section 11(a) shall be a nullity and without any force or effect. Any decisions regarding the requirement or implementation of the reductions to compensation described in Section 11(a) shall be made by the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer), shall be made at the Employer's expense and shall be binding on the parties.

12. Regulatory Action.

(a) If Executive is removed and/or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Employer under this Agreement shall terminate, as of the effective date of such order.

(b) If Executive is suspended and/or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Employer under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Employer is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Employer (1) by the director of the FDIC or his or his designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Employer under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Employer when the Employer is determined by the Director to be in an unsafe and unsound condition.

(e) Notwithstanding anything contained in this Agreement to the contrary, no payments shall be made pursuant to any provision herein in contravention of the requirements of Section 2[18(k)] of the FDIA (12 U.S.C. 1828(k)). In particular, the provisions pertaining to the potential for payments shall have no force or effect as long as either the agreement concerning the potential for payments or the actual payment of such amounts would be considered a "golden parachute payment," with the meaning of 12 C.F.R. Section 359.1(f).

13. Miscellaneous.

(a) Applicable Law; Forum Selection; Consent to Jurisdiction. The Employer and Executive agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Virginia without giving effect to its conflicts of law principles. Executive agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be the Circuit Court of Fairfax County or the federal court encompassing that jurisdiction, at the option of the Employer. With respect to any such court action, Executive hereby irrevocably submits to the personal jurisdiction of such courts. The parties hereto further agree that the courts listed above are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) Non-Duplication. Notwithstanding anything to the contrary in this Agreement, and except as specifically provided below, any severance payments or benefits received by Executive pursuant to this Agreement shall be in lieu of any general severance policy or other severance plan maintained by the Employer (other than a stock option, restricted stock, share or unit, performance share or unit, supplemental retirement, deferred compensation or similar plan or agreement which may contain provisions operative on a termination of Executive's employment or may incidentally refer to accelerated vesting or accelerated payment upon a termination of employment).

(c) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(d) Amendments. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(e) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Executive:  
On file with the Employer

If to the Employer:  
6830 Old Dominion Drive  
McLean, Virginia 22101  
Attention: CEO

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(g) Withholding. The Employer may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) Waivers. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(i) Entire Agreement. This Agreement contains the entire agreement between the Employer and Executive with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement, including but not limited to any prior discussions, understandings, and/or agreements between the parties, written or oral, at any time.

(j) Construction. The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(k) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(Signatures on following page)

IN WITNESS WHEREOF, Executive has hereunto set Executive's hand and the Employer has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

/s/ Jeffrey H. Culver  
JEFFREY H. CULVER

/s/ Joe A. Shearin  
SOUTHERN NATIONAL  
BANCORP OF VIRGINIA, INC.  
By: Joe A. Shearin  
Its: President and Chief Executive Officer

/s/ Joe A. Shearin  
SONABANK  
By: Joe A. Shearin  
Its: President and Chief Executive Officer

12

[\(Back To Top\)](#)

## Section 3: EX-10.2 (EXHIBIT 10.2)

**Exhibit 10.2**

### CHANGE-IN-CONTROL SEVERANCE AGREEMENT

This CHANGE-IN-CONTROL SEVERANCE AGREEMENT (this "Agreement") is made and entered into this 29th day of October, 2018 by and between (i) Southern National Bancorp of Virginia, Inc. (the "Company") and Sonabank (the "Bank") (collectively, the Company and the Bank shall be referred to as the "Employer"), and Jeffrey L. Karafa ("Employee"), to be effective as of October 29, 2018 (the "Effective Date").

#### BACKGROUND

WHEREAS, Employee is currently serving as the Chief Financial Officer of the Employer; and

WHEREAS, the Employer desires to promote the retention of Employee by offering certain protections in the event his employment is involuntarily terminated under certain circumstances in connection with a Change in Control (as defined herein).

NOW, THEREFORE, in consideration of the payments, consents and acknowledgements described below, in consideration of Employee's employment with the Employer, and in consideration of other good and valuable consideration, the receipt and sufficiency of all of which is hereby acknowledged, the parties agree as follows:

1. Term of Agreement. This Agreement shall terminate (subject to the survival of Section 6 hereof) on the earliest of (i) if Employee is entitled to benefits under Section 3 hereof and complies with the terms thereof, the date that the Employer satisfies its obligations pursuant to Section 3 hereof; (ii) the date of Employee's termination of employment with the Employer for any reason other than a Qualifying Termination; or (iii) the first anniversary of a Change in Control.

2. Employment At-Will. Employee shall continue to be employed at-will and for no definite term. This means that either party may terminate the employment relationship at any time for any or no reason.

3. Termination of Employment due to a Qualifying Termination. In the event of Employee's Qualifying Termination, Employer shall pay to Employee in a lump sum in cash within thirty (30) days after the date of termination, Employee's Base Salary and any earned but unused paid-time off, in each case through the date of termination to the extent not theretofore paid (the "Accrued Benefits") and the following severance benefits (the benefits provided in Section 3(a)(i), (ii) and (iii) being collectively referred to as the "Severance Benefits"):

(i) the Employer shall pay to Employee an amount equal to one and one-quarter (1¼) times Employee's annual base salary at the rate in effect immediately prior to the Qualifying Termination, payable during the 15-month period immediately following Employee's date of termination in approximately equal installments in accordance with the Bank's regular payroll practices, commencing with the first regular payroll date to occur after the sixtieth (60<sup>th</sup>) day after the date of termination; provided that the first such payment shall consist of all amounts payable to Employee pursuant to this Section 3(a)(i) between the date of termination and the first payroll date to occur after the sixtieth (60<sup>th</sup>) day following the date of termination;

(ii) if Employee elects to continue participation in any group medical, dental, vision and/or prescription drug plan benefits to which Employee and/or Employee's eligible dependents would be entitled under Section 4980B of the Code (COBRA), then for the 15-month period following Employee's date of termination (the "Group Health Benefits Continuation Period"), the Employer shall pay the excess of (1) the COBRA cost of such coverage over (2) the amount that Employee would have had to pay for such coverage if he had remained employed during the Group Health Benefits Continuation Period and paid the active employee rate for such coverage, provided, however, that (A) if Employee becomes eligible to receive group health benefits under a program of a subsequent employer or otherwise, the Employer's obligation to pay any portion of the cost of health coverage as described herein shall cease, except as otherwise provided by law; (B) the Group Health Benefits Continuation Period shall run concurrently with any period for which Employee is eligible to elect health coverage under COBRA; (C) during the Group Health Benefits Continuation Period, the benefits provided in any one calendar year shall not affect the amount of benefits provided in any other calendar year (other than the effect of any overall coverage benefits under the applicable plans); (D) the reimbursement of an eligible taxable expense shall be made as soon as practicable but not later than December 31 of the year following the year in which the expense was incurred; and (E) Employee's rights pursuant to this Section 3(a)(ii) shall not be subject to liquidation or exchange for another benefit.

---

(iii) Employee's unvested equity awards outstanding on the Date of Termination, shall become fully vested and exercisable on the Date of Termination and shall otherwise remain subject to the terms and conditions of the equity plan pursuant to which they were granted and the award agreements evidencing the grant thereof.

Notwithstanding the foregoing, the Employer shall be obligated to provide the Severance Benefits only if (A) within forty-five (45) days after the date of termination Employee shall have executed a separation and full release of claims/covenant not to sue agreement in the form provided by the Employer (the "Release Agreement") and such Release Agreement shall not have been revoked within the revocation period specified in the Release Agreement, and (B) Employee fully complies with the obligations set forth in Section 6 hereof. For the avoidance of doubt, if Employee does not comply with the obligations set forth in Section 6 hereof, then any obligation of the Employer to pay the Severance Benefits shall cease immediately upon Employee's breach thereof.

4. Termination of Employment other than a Qualifying Termination. If Employee's employment is terminated for any reason other than a Qualifying Termination, then the Employer shall have no further obligations to Employee or Employee's legal representatives under this Agreement, other than for payment of Accrued Benefits, which shall be paid to Employee or Employee's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) days after the date of termination.

5. Definitions.

(a) "Cause" means a good faith determination by the Employer that any of the following has occurred: (i) Employee's willful violation of any laws, rules or regulations applicable to banks or the banking industry generally; (ii) Employee's material failure to comply with the Employer's policies or guidelines of employment or corporate governance policies or guidelines, including, without limitation, any business code of ethics adopted by the Employer, that, if capable of being cured, is not cured by Employee within ten (10) days of written notice by the Employer of the failure; (iii) any act of fraud, misappropriation or embezzlement by Employee; (iv) a material breach of this Agreement that, if such breach is capable of being cured, is not cured by Employee within ten (10) days of written notice by the Employer of the breach; or (v) Employee's conviction of, or Employee's pleading guilty or nolo contendere to, a felony or a crime involving moral turpitude (including pleading guilty or nolo contendere to a felony or lesser charge which results from plea bargaining).

(b) “Change in Control” shall have the same meaning as set forth in the Southern National Bancorp of Virginia, Inc. 2017 Equity Compensation Plan, as such plan may be amended from time to time.

(c) “Code” means the Internal Revenue Code of 1986, as amended from time to time. For purposes of this Agreement, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

(d) “Disability” means the inability of Employee, as reasonably determined by the Employer, to perform the essential functions of his regular duties and responsibilities, with or without reasonable accommodation, due to a medically determinable physical or mental illness which has lasted (or can reasonably be expected to last) for a period of six (6) consecutive months.

(e) “Good Reason” means the occurrence of any of the following, without Employee’s consent: (i) a material diminution in Employee’s Base Salary; (ii) a material diminution in Employee’s authority, duties, or responsibilities; (iii) the relocation of Employee’s principal office to a facility or location more than fifty (50) miles away from Employee’s principal place of work immediately prior to the relocation; provided, however, that Good Reason shall not include (A) any relocation of Employee’s principal office which is proposed or initiated by Employee; or (B) any relocation that results in Employee’s principal place office being closer to Employee’s then-principal residence; or (iv) any intentional, material breach by the Employer of this Agreement. A termination by Employee shall not constitute termination for Good Reason unless Employee shall first have delivered to the Employer written notice setting forth with specificity the occurrence deemed to give rise to a right to terminate for Good Reason (which notice must be given no later than thirty (30) days after the initial occurrence of such event), and there shall have passed a reasonable time (not less than thirty (30) days) within which the Employer may take action to correct, rescind or otherwise substantially reverse the occurrence supporting termination for Good Reason as identified by Employee. Good Reason shall not include Employee’s death or Disability.

(f) “Qualifying Termination” means Employee’s termination of employment during the Qualifying Termination Window by (A) the Employer without Cause (other than by reason of Employee’s death or Disability), or (B) Employee for Good Reason within a period of 90 days after the occurrence of the event giving rise to Good Reason. For the avoidance of doubt, in no event shall Employee be deemed to have experienced a Qualifying Termination as a result of Employee’s termination of employment with the Employer for any reason or no reason outside of the Qualifying Termination Window or as a result of Employee’s termination of employment with the Employer during the Qualifying Termination Window by reason of his (i) death, (ii) Disability, or (iii) voluntary resignation for any reason or no reason.

(g) “Qualifying Termination Window” means the sixty (60) day period immediately preceding a Change in Control or the one-year period immediately following a Change in Control.

6. Restrictions on Competition and Disclosure and Use of Confidential Information.

(a) Confidential Information. Employee agrees that Employee shall not, directly or indirectly, use any Confidential Information (as defined herein) on Employee’s own behalf or on behalf of any Person (as defined herein) other than the Employer, or reveal, divulge, or disclose any Confidential Information to any Person not expressly authorized by the Employer to receive such Confidential Information. This obligation shall remain in effect for as long as the information or materials in question retain their status as Confidential Information. Employee further agrees that he shall fully cooperate with the Employer in maintaining the Confidential Information to the extent permitted by law. The parties acknowledge and agree that this Agreement is not intended to, and does not, alter either the Employer’s rights or Employee’s obligations under any state or federal statutory or common law regarding trade secrets and unfair trade practices. Anything herein to the contrary notwithstanding, Employee shall not be restricted from disclosing information that is required to be disclosed by law, court order or other valid and appropriate legal process; provided, however, that in the event such disclosure is required by law, Employee shall provide the Employer with prompt notice of such requirement so that the Employer may seek an appropriate protective order prior to any such required disclosure by Employee.

Employee understands and acknowledges that nothing in this section limits his ability to initiate communications directly with, respond to any inquiry from, volunteer information to, or provide testimony before any government agency or otherwise participate in any reporting of, investigation into, or proceeding regarding suspected violations of law, or from making other disclosures that are protected under, or from receiving an award for information provided under, the whistleblower provisions of state or federal law or regulation. Employee does not need the prior authorization of the Employer to engage in such communications with any government agency, respond to such inquiries from any government agency, provide Confidential Information or documents containing Confidential Information to any government agency, or make any such reports or disclosures to any government agency. Employee is not required to notify the Employer that Employee has engaged in such communications with a government agency. Employee recognizes and agrees that, in connection with any such activity outlined above, Employee must inform the government agency that the information Employee is providing is confidential.

Federal law provides certain protections to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances. Specifically, federal law provides that an individual shall not be held criminally or civilly liable under any state or federal trade secret law for the disclosure of a trade secret under either of the following conditions:

- Where the disclosure is made (A) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or
- Where the disclosure is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Federal law also provides that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

For purposes of this Section 6, “Confidential Information” means any and all data and information relating to the Employer, their activities, business, or clients that (i) is disclosed to Employee or of which Employee becomes aware as a consequence of his employment with the Employer; (ii) has value to the Employer; and (iii) is not generally known outside of the Employer. “Confidential Information” shall include, but is not limited to the following types of information regarding, related to, or concerning the Employer: trade secrets (as defined by Virginia Uniform Trade Secrets Act); financial plans and data; management planning information; business plans; operational methods; market studies; marketing plans or strategies; pricing information; product development techniques or plans; customer lists; customer files, data and financial information; details of customer contracts; current and anticipated customer requirements; identifying and other information pertaining to business referral sources; past, current and planned research and development; computer aided systems, software, strategies and programs; business acquisition plans; management organization and related information (including, without limitation, data and other information concerning the compensation and benefits paid to officers, directors, employees and management); personnel and compensation policies; new personnel acquisition plans; and other similar information. “Confidential Information” also includes combinations of information or materials which individually may be generally known outside of the Employer, but for which the nature, method, or procedure for combining such information or materials is not generally known outside of the Employer. In addition to data and information relating to the Employer, “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Employer by such third party, and that the Employer has a duty or obligation to keep confidential. This definition shall not limit any definition of “confidential information” or any equivalent term under state or federal law. “Confidential Information” shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of the Employer. For purposes of this Section 6, “Person” means any individual or any corporation, partnership, joint venture, limited liability company, association or other entity or enterprise.

(b) Non-competition. Beginning on the Effective Date and for a period continuing through the twelve (12) months following cessation of Employee's employment with the Employer (the "Restricted Period"), Employee shall not, directly or indirectly, within any State in the United States where the Employer has a retail bank branch at the time Employee's employment ceases, own any interest in, control or participate in the ownership or control of, or perform services that are the same as or substantially similar to the services Employee performed for the Employer pursuant to this Agreement for any company, person or entity engaged in a Competitive Business (as defined herein). A "Competitive Business" shall mean any person or entity that is providing deposits, money market accounts, certificates of deposit or other typical retail banking deposit-type services or loans on a retail level, to individuals, businesses or non-profit entities in any State in the United States in which the Employer has a retail bank branch at the time Employee's employment ceases. Notwithstanding the foregoing, nothing in this Agreement shall prevent Employee from owning for passive investment purposes not intended to circumvent this Agreement, less than five percent (5%) of the publicly-traded voting securities of any company engaged in the banking, financial services, insurance, brokerage or other business similar to or competitive with the Employer (so long as Employee has no power to manage, operate or control the competing enterprise and no power, alone or in conjunction with other affiliated parties, to select a director, manager, general partner, or similar governing official of the competing enterprise other than in connection with the normal and customary voting powers afforded Employee in connection with any permissible equity ownership).

(c) Non-solicitation of Employees. During the Restricted Period, Employee shall not, directly or indirectly solicit, induce or hire, or attempt to solicit, induce or hire, any person who is an employee of the Employer at the time Employee's employment ceases or within six (6) months prior thereto, to leave his or his employment with the Employer or join or become affiliated with any Competitive Business.

(d) Non-solicitation of Customers. During the Restricted Period, Employee shall not, directly or indirectly solicit or induce or attempt to solicit or induce, any customer, lender, supplier, licensee, licensor or other business relation of the Employer to terminate its relationship or contracts with the Employer, to cease doing business with the Employer, or in any way interfere with the relationship between any such customer, lender, supplier, licensee, licensor or business relation and the Employer.

(e) Rights and Remedies Upon Breach. The parties specifically acknowledge and agree that the remedy at law for any breach of the covenants in Section 6 will be inadequate, and that in the event Employee breaches any such covenant, the Employer shall have the right and remedy, without the necessity of proving actual damage or posting any bond, to enjoin, preliminarily and permanently, Employee from violating the covenant and to have the covenant specifically enforced by any court of competent jurisdiction, it being agreed that any breach would cause irreparable injury to the Employer and that money damages would not provide an adequate remedy to the Employer. Such rights and remedies shall be in addition to, and not in lieu of, any other rights and remedies available to the Employer at law or in equity. The Employer and Employee understand and agree that, if the parties become involved in legal action regarding the enforcement of the covenants in Section 6, the prevailing party in such legal action will be entitled, in addition to any other remedy, to recover its reasonable costs and attorneys' fees incurred in enforcing or defending action with respect to such covenants. The Employer's ability to enforce its rights under the covenants in Section 6 or applicable law against Employee shall not be impaired in any way by the existence of a claim or cause of action on the part of Employee based on, or arising out of, this Agreement or any other event or transaction.

7. Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit Employee's continuing or future participation in any employee benefit plan, program, policy or practice provided by the Employer or its affiliated companies and for which Employee may qualify. Amounts that are vested benefits or which Employee is otherwise entitled to receive under any plan, policy, practice or program of the Employer or any of its affiliated companies at or subsequent to the date of termination shall be payable in accordance with such plan, policy, practice or program.

8. Full Settlement; No Mitigation. The Employer's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Employer may have against Employee or others. In no event shall Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to Employee under any of the provisions of this Agreement and such amounts shall not be reduced whether or not Employee obtains other employment.

9. Successors. This Agreement is personal to Employee and shall not be assignable by Employee otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by Employee's legal representatives. This Agreement can be assigned by the Employer and shall be binding and inure to the benefit of the Employer, and their successors and assigns.

10. Code Section 409A.

(a) General. This Agreement shall be interpreted and administered in a manner so that any amount or benefit payable hereunder shall be paid or provided in a manner that is either exempt from or compliant with the requirements of Section 409A of the Code and applicable Internal Revenue Service guidance and Treasury Regulations issued thereunder (and any applicable transition relief under Section 409A of the Code) ("Section 409A of the Code"). Nevertheless, the tax treatment of the benefits provided under the Agreement is not warranted or guaranteed. Neither the Employer nor its directors, officers, employees or advisers, shall be held liable for any taxes, interest, penalties or other monetary amounts owed by Employee as a result of the application of Section 409A of the Code.

(b) Definitional Restrictions. Notwithstanding anything in this Agreement to the contrary, to the extent that any amount or benefit that would constitute non-exempt "deferred compensation" for purposes of Section 409A of the Code ("Non-Exempt Deferred Compensation") would otherwise be payable or distributable hereunder by reason of Employee's termination of employment, such Non-Exempt Deferred Compensation will not be payable or distributable to Employee by reason of such circumstance unless the circumstances giving rise to such termination of employment meet any description or definition of "separation from service," in Section 409A of the Code and applicable regulations (without giving effect to any elective provisions that may be available under such definition). If this provision prevents the payment or distribution of any Non-Exempt Deferred Compensation, then, subject to subsection (c) below, such payment or distribution shall be made at the time and in the form that would have applied absent the non-409A-conforming event.

(c) Six-Month Delay in Certain Circumstances. Notwithstanding anything in this Agreement to the contrary, if any amount or benefit that would constitute Non-Exempt Deferred Compensation would otherwise be payable or distributable under this Agreement by reason of Employee's separation from service during a period in which he is a Specified Employee (as defined below), then, subject to any permissible acceleration of payment by the Employer under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) the amount of such Non-Exempt Deferred Compensation that would otherwise be payable during the six-month period immediately following Employee's separation from service will be accumulated through and paid or provided on the first day of the seventh month following Employee's separation from service (or, if Employee dies during such period, within 30 days after Employee's death) (in either case, the "Required Delay Period"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

(d) Timing of Release of Claims. Whenever in this Agreement a payment or benefit is conditioned on Employee's execution of a release of claims, such release must be executed and all revocation periods shall have expired within 60 days after the date of termination; failing which such payment or benefit shall be forfeited. If such payment or benefit constitutes Non-Exempt Deferred Compensation, then such payment or benefit (including any installment payments) that would have otherwise been payable during such 60-day period shall be accumulated and paid on the 60<sup>th</sup> day after the date of termination provided such release shall have been executed and such revocation periods shall have expired. If such payment or benefit is exempt from Section 409A of the Code, the Employer may elect to make or commence payment at any time during such period.

(e) Timing of Reimbursements and In-kind Benefits. If Employee is entitled to be paid or reimbursed for any taxable expenses under this Agreement, and such payments or reimbursements are includible in Employee's federal gross taxable income, the amount of such expenses reimbursable in any one calendar year shall not affect the amount reimbursable in any other calendar year, and the reimbursement of an eligible expense must be made no later than December 31 of the year after the year in which the expense was incurred. No right of Employee to reimbursement of expenses under this Agreement shall be subject to liquidation or exchange for another benefit.

11. Modified Cutback of Compensation Deemed to be Contingent on a Change of Control. If any benefits or payments are to be made under the terms of this Agreement or any other agreement between Employee and the Employer following a transaction that constitutes a change in the ownership or effective control of the Employer or in the ownership of a substantial portion of the assets of the Employer such that the provisions of Section 280G of the Internal Revenue Code of 1986, as amended, and any regulations thereunder ("Code Section 280G") or Section 4999 of the Internal Revenue Code and any regulations thereunder could potentially apply to such compensation, then the following provisions shall be applicable:

(a) In the event the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer) determine that some or all of the payments or benefits scheduled under this Agreement, as well as any other payments or benefits on such change of control, would be nondeductible by the Employer under Code Section 280G, then the payments scheduled under this Agreement and all other agreements between Employee and the Employer will be reduced to one dollar less than the maximum amount which may be paid without causing any such payment or benefit to be nondeductible. Any reduction of benefits or payments required to be made under this Section 11(a) shall be taken in the following order: first from cash compensation and then from payments or benefits not payable in cash, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time from the date of determination.

(b) Notwithstanding the foregoing Section 11(a), in the event the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer) determine that the net economic benefit to Employee after payment of all income and excise taxes is greater without giving effect to Section 11(a) than Employee's net economic benefit after a reduction by reason of the application of Section 11(a), then Section 11(a) shall be a nullity and without any force or effect. Any decisions regarding the requirement or implementation of the reductions to compensation described in Section 11(a) shall be made by the independent accountants serving as auditors for the Employer on the date of a change of control within the meaning of Code Section 280G (or any other accounting firm designated by the Employer), shall be made at the Employer's expense and shall be binding on the parties.

12. Regulatory Action.

(a) If Employee is removed and/or permanently prohibited from participating in the conduct of the Employer's affairs by an order issued under Section 8(e)(4) or 8(g)(1) of the Federal Deposit Insurance Act ("FDIA") (12 U.S.C. 1818(e)(4) and (g)(1)), all obligations of the Employer under this Agreement shall terminate, as of the effective date of such order.

(b) If Employee is suspended and/or temporarily prohibited from participating in the conduct of the Employer's affairs by a notice served under Section 8(e)(3) or 8(g)(1) of the FDIA (12 U.S.C. 1818(e)(3) and (g)(1)), all obligations of the Employer under this Agreement shall be suspended as of the date of service, unless stayed by appropriate proceedings. If the charges in the notice are dismissed, the Employer shall reinstate (in whole or in part) any of its obligations which were suspended.

(c) If the Employer is in default (as defined in Section 3(x)(1) of the FDIA), all obligations under this Agreement shall terminate as of the date of default.

(d) All obligations under this Agreement shall be terminated, except to the extent a determination is made that continuation of the Agreement is necessary for the continued operation of the Employer (1) by the director of the FDIC or his or his designee (the "Director"), at the time the FDIC enters into an agreement to provide assistance to or on behalf of the Employer under the authority contained in 13(c) of the FDIA; or (2) by the Director, at the time the Director approves a supervisory merger to resolve problems related to operation of the Employer when the Employer is determined by the Director to be in an unsafe and unsound condition.

(e) Notwithstanding anything contained in this Agreement to the contrary, no payments shall be made pursuant to any provision herein in contravention of the requirements of Section 2[18(k)] of the FDIA (12 U.S.C. 1828(k)). In particular, the provisions pertaining to the potential for payments shall have no force or effect as long as either the agreement concerning the potential for payments or the actual payment of such amounts would be considered a "golden parachute payment," with the meaning of 12 C.F.R. Section 359.1(f).

13. Miscellaneous.

(a) Applicable Law; Forum Selection; Consent to Jurisdiction. The Employer and Employee agree that this Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Virginia without giving effect to its conflicts of law principles. Employee agrees that the exclusive forum for any action to enforce this Agreement, as well as any action relating to or arising out of this Agreement, shall be the Circuit Court of Fairfax County or the federal court encompassing that jurisdiction, at the option of the Employer. With respect to any such court action, Employee hereby irrevocably submits to the personal jurisdiction of such courts. The parties hereto further agree that the courts listed above are convenient forums for any dispute that may arise herefrom and that neither party shall raise as a defense that such courts are not convenient forums.

(b) Non-Duplication. Notwithstanding anything to the contrary in this Agreement, and except as specifically provided below, any severance payments or benefits received by Employee pursuant to this Agreement shall be in lieu of any general severance policy or other severance plan maintained by the Employer (other than a stock option, restricted stock, share or unit, performance share or unit, supplemental retirement, deferred compensation or similar plan or agreement which may contain provisions operative on a termination of Employee's employment or may incidentally refer to accelerated vesting or accelerated payment upon a termination of employment).

(c) Captions. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(d) Amendments. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(e) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Employee:  
On file with the Employer

If to the Employer:  
6830 Old Dominion Drive  
McLean, Virginia 22101  
Attention: CEO

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(f) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(g) Withholding. The Employer may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(h) Waivers. Failure of either party to insist, in one or more instances, on performance by the other in strict accordance with the terms and conditions of this Agreement shall not be deemed a waiver or relinquishment of any right granted in this Agreement or of the future performance of any such term or condition or of any other term or condition of this Agreement, unless such waiver is contained in a writing signed by the party making the waiver.

(i) Entire Agreement. This Agreement contains the entire agreement between the Employer and Employee with respect to the subject matter hereof and, from and after the date hereof, this Agreement shall supersede any other agreement, written or oral, between the parties relating to the subject matter of this Agreement, including but not limited to any prior discussions, understandings, and/or agreements between the parties, written or oral, at any time.

(j) Construction. The parties understand and agree that because they both have been given the opportunity to have counsel review and revise this Agreement, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement. Instead, the language of all parts of this Agreement shall be construed as a whole, and according to its fair meaning, and not strictly for or against either of the parties.

(k) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(Signatures on following page)

