

SECURITIES AND EXCHANGE COMMISSION

FORM S-8

Initial registration statement for securities to be offered to employees pursuant to employee benefit plans

Filing Date: **1999-07-27**
SEC Accession No. **0001025537-99-000075**

([HTML Version](#) on secdatabase.com)

FILER

HARBOR FEDERAL BANCORP INC

CIK: **919553** | IRS No.: **521860591** | State of Incorporation: **MD** | Fiscal Year End: **0331**
Type: **S-8** | Act: **33** | File No.: **333-83785** | Film No.: **99670709**
SIC: **6035** Savings institution, federally chartered

Business Address
705 YORK RD
BALTIMORE MD 21204
4103217041

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM S-8
 REGISTRATION STATEMENT UNDER
 THE SECURITIES ACT OF 1933

HARBOR FEDERAL BANCORP, INC.

(Exact Name of Registrant as Specified in Its Charter)

MARYLAND	52-1860591
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

705 YORK ROAD
 BALTIMORE, MARYLAND 21204
 (Address of Principal Executive Offices)

HARBOR FEDERAL BANCORP, INC. 1999 STOCK INCENTIVE PLAN
 (Full title of the Plan)

ROBERT A. WILLIAMS, PRESIDENT
 HARBOR FEDERAL BANCORP, INC.
 705 YORK ROAD
 BALTIMORE, MARYLAND 21204
 (Name and Address of Agent For Service)

(410) 321-7041
 (Telephone Number, Including Area Code, of Agent for Service)

COPIES TO:
 J. MARK POERIO, ESQUIRE
 KUTAK ROCK
 1101 CONNECTICUT AVENUE, N.W., SUITE 1000
 WASHINGTON, D.C. 20036-4374
 (202) 828-2400

CALCULATION OF REGISTRATION FEE

<TABLE>
 <CAPTION>

Title Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S> Common Stock, \$.01 par value	<C> 170,000 (1)	<C> (2)	<C> \$2,677,500 (2)	<C> \$744.35

(1) Maximum number of shares issuable under the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (170,000 shares), as such amount may be increased in accordance with said plan in the event of a merger, consolidation, recapitalization, stock dividend, stock split, or similar event involving the Registrant.

(2) Under Rule 457(h) the registration fee may be calculated, inter alia, based upon the price at which the options may be exercised. 170,000 shares are being registered hereby, of which none are currently under option. Consequently, all of the shares are being registered based upon the average of the high and low selling prices of the common stock of the Registrant as reported on the National Association of Securities Dealers Automated Quotation, National Market System ("NMS") on July 22, 1999 of \$15.75 per share (\$2,677,500 in the aggregate).

</TABLE>

PART I

INFORMATION REQUIRED IN THE SECTION 10(A) PROSPECTUS

ITEM 1. PLAN INFORMATION*

ITEM 2. REGISTRANT INFORMATION AND EMPLOYEE PLAN ANNUAL INFORMATION*

*Documents containing the information required by Part I of this Registration Statement will be sent or given to participants in the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan in accordance with Rule 428(b)(1). In accordance with Note to Part I of Form S-8, such documents are not filed with the Securities and Exchange Commission (the "Commission") either as part of this Registration Statement or as prospectuses or prospectus supplements.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

ITEM 3. INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

Harbor Federal Bancorp, Inc. (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") and, accordingly, files periodic reports and other information with the Commission. Reports, proxy statements and other information concerning the Company filed with the Commission may be inspected and copies may be obtained (at prescribed rates) at the Commission's Public Reference Section, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission, including the Company. The address for the Commission's Web site is "http://www.sec.gov".

The following documents are incorporated by reference in this Registration Statement:

(a) The Company's Annual Report on Form 10-KSB for the fiscal year ended March 31, 1999 (Commission File No. 000-24194);

(b) The description of the Company's securities contained in this Company's Registration Statement on Form 8-A dated May 5, 1994.

ALL DOCUMENTS FILED BY THE COMPANY PURSUANT TO SECTIONS 13(A), 13(C), 14 AND 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, PRIOR TO THE FILING OF A POST-EFFECTIVE AMENDMENT WHICH INDICATES THAT ALL SECURITIES OFFERED HAVE BEEN SOLD OR WHICH DEREGISTERS ALL SECURITIES THEN REMAINING UNSOLD, SHALL BE DEEMED TO BE INCORPORATED BY REFERENCE IN THIS REGISTRATION STATEMENT, AND TO BE A PART HEREOF FROM THE DATE OF FILING OF SUCH DOCUMENTS.

ITEM 4. DESCRIPTION OF SECURITIES

Not applicable, as the Common Stock is registered under Section 12 of the Securities Exchange Act of 1934.

ITEM 5. INTERESTS OF NAMED EXPERTS AND COUNSEL

Not Applicable.

ITEM 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Federal Regulations define areas for indemnity coverage by Harbor Federal Savings Bank (the "Savings Bank"), as follows:

(a) Any person against whom any action is brought by reason of the fact that such person is or was a director or officer of the Savings Bank shall be indemnified by the Savings Bank for:

(i) Reasonable costs and expenses, including reasonable attorney's fees, actually paid or incurred by such person in connection with proceedings related to the defense or settlement of such action;

(ii) Any amount for which such person becomes liable by reason of any judgment in such action;

(iii) Reasonable costs and expenses, including reasonable attorney's fees, actually paid or incurred in any action to enforce his rights under this section, if the person attains a final judgment in favor of such person in such enforcement action.

(b) Indemnification provided for in subparagraph (a) shall be made to such officer or director only if the requirements of this subparagraph are met:

(i) The Savings Bank shall make the indemnification provided by subparagraph (a) in connection with any such action which results in a final judgment on the merits in favor of such officer or director.

(ii) The Savings Bank shall make the indemnification provided by subparagraph (a) in case of settlement of such action, final judgment against such director or officer or final judgment in favor of such director or officer other than on the merits except in relation to matters as to which he shall be adjudged to be liable for negligence or misconduct in the performance of his duty, only if a majority of the directors of the Savings Bank determines that such a director or officer was acting in good faith within what he was reasonably entitled to believe under the circumstances was the scope of his employment or authority and for a purpose which he was reasonably entitled to believe under the circumstances was in the best interest of the Savings Bank or their members or stockholders.

(c) As used in this paragraph:

(i) "Action" means any action, suit or other judicial or administrative proceeding, or threatened proceeding, whether civil, criminal, or otherwise, including any appeal or other proceeding for review;

(ii) "Final Judgment" means a judgment, decree, or order which is appealable and as to which the period for appeal has expired and no appeal has been taken;

(iii) "Settlement" includes the entry of a judgment by consent or by confession or upon a plea of guilty or of nolo contendere.

The Savings Bank has a directors and officers liability policy providing

for insurance against certain liabilities incurred by its directors and officers while serving in their capacities as such.

INDEMNIFICATION OF DIRECTORS AND OFFICERS OF THE COMPANY

Article XVII of the Company's Articles of Incorporation sets forth the circumstances under which directors, officers, employees, and agents may be insured or indemnified against liability which they may incur in their capacities as follows:

The Company shall indemnify, to the fullest extent permissible under the Maryland General Company Law, any individual who is or was a director, officer, employee or agent of the Company, and any individual who serves or served at the Company's request as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, other enterprise or employee benefit plan, in any proceeding in which the individual is made a party as a result of his service in such capacity.

Any repeal or modification of the foregoing paragraph by the stockholders of the Company shall not adversely affect any right or protection of a director of the Company existing at the time of such repeal or modification.

In accordance with Section 2-418 of the Maryland General Corporation Law, directors of the Company generally shall be indemnified in the defense of a proceeding if they are successful, on the merits or otherwise, and in other circumstances unless it is established that (i) the act or omission was material to the matter giving rise to the proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the director received an improper personal benefit in money, property or services; or, (iii) in the case of a criminal proceeding, the director had reasonable cause to believe that the act or omission was unlawful.

ITEM 7. EXEMPTION FROM REGISTRATION CLAIMED

Not Applicable.

ITEM 8. EXHIBITS

For a list of all exhibits filed or included as part of this Registration Statement, see "Index to Exhibits" at the end of this Registration Statement.

ITEM 9. UNDERTAKINGS

1. The undersigned registrant hereby undertakes:

(a) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule

424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

3

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

provided, however, that paragraphs (a)(i) and (a)(ii) do not apply if the registration statement is on Form S-3, Form S-8 or Form F-3, and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement.

(b) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. The undersigned registrant hereby undertakes to deliver or cause to be delivered with the prospectus, to each person to whom the prospectus is sent or given, the latest annual report, to security holders that is incorporated by reference in the prospectus and furnished pursuant to and meeting the requirements of Rule 14a-3 or Rule 14c-3 under the Securities Exchange Act of 1934; and, where interim financial information required to be presented by Article 3 of Regulation S-X is not set forth in the prospectus, to deliver, or cause to be delivered to each person to whom the prospectus is sent or given, the latest quarterly report that is specifically incorporated by reference in the prospectus to provide such interim financial information.

4. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Baltimore, State of Maryland, on this 23rd day of July, 1999.

HARBOR FEDERAL BANCORP, INC.

By:/s/ Robert A. Williams

 Robert A. Williams
 President and Chief Executive Officer
 (Duly Authorized Representative)

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signatures -----	Title -----	Date ----
/s/ Robert A. Williams ----- Robert A. Williams	Director, President and Chief Executive Officer (Principal Executive Officer)	July 23, 1999
/s/ Norbert J. Luken ----- Norbert J. Luken	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	July 23, 1999
/s/ Joseph J. Lacy ----- Joseph J. Lacy	Director	July 23, 1999
/s/ John H. Riehl, III ----- John H. Riehl, III	Director	July 23, 1999
/s/ J. Kemp Roche ----- J. Kemp Roche	Director	July 23, 1999
/s/ Gideon N. Stieff, Jr. ----- Gideon N. Stieff, Jr.	Director	July 23, 1999
/s/ Lawrence W. Williams ----- Lawrence W. Williams	Director and Vice President	July 23, 1999

INDEX TO EXHIBITS

Exhibit -----	Description -----
5	Opinion of Kutak Rock as to the legality of the Common Stock being registered

- 23.1 Consent of Kutak Rock (appears in their opinion filed as Exhibit 5)
- 23.2 Consent of KPMG LLP
- 99.1 Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan
- 99.2 Form of Stock Option Agreement to be entered into with Optionees with respect to Incentive Stock Options granted under the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan
- 99.3 Form of Stock Option Agreement to be entered into with Optionees with respect to Non-Incentive Stock Options granted under the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan
- 99.4 Stock Appreciation Rights Agreement
- 99.5 Notice of Deferred Share Award

EXHIBIT 5

July 26, 1999

Board of Directors
Harbor Federal Bancorp, Inc.
705 York Road
Baltimore, Maryland 21204

Re: Harbor Federal Bancorp, Inc.
1999 Stock Incentive Plan
Registration Statement on Form S-8

Dear Board Members:

We have acted as special counsel to Harbor Federal Bancorp, Inc., a Maryland corporation (the "Company"), in connection with the preparation of the Registration Statement on Form S-8 filed with the Securities and Exchange Commission (the "Registration Statement") under the Securities Act of 1933, as amended, relating to 170,000 shares of common stock, par value \$.01 per share (the "Common Stock") of the Company which may be issued pursuant to the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (the "Plan"), all as more fully described in the Registration Statement. You have requested the opinion of this firm with respect to certain legal aspects of the proposed offering.

We have examined such documents, records and matters of law as we have deemed necessary for purposes of this opinion and based thereon, we are of the opinion that the Common Stock when issued pursuant to and in accordance with the terms of the Plan will be legally issued, fully paid, and nonassessable.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement on Form S-8 and to references to our firm included under the caption "Legal Opinion" in the Prospectus which is part of the Registration Statement.

Very truly yours,

/s/ KUTAK ROCK

KUTAK ROCK

EXHIBIT 23.2

[KPMG Letterhead]

ACCOUNTANTS' CONSENT

The Board of Directors
Harbor Federal Bancorp, Inc.

We consent to the use of our report incorporated herein by reference and to the reference to our firm under the heading "Experts" in the Prospectus which is part of the Registration Statement.

/s/ KPMG LLP

KPMG LLP

Baltimore, Maryland
July 14, 1999

EXHIBIT 99.1

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

1. PURPOSE OF THE PLAN.

The purpose of this Plan is to advance the interests of the Company through providing select key Employees and Directors of the Bank, the Company, and their Affiliates with the opportunity to receive Options, SARs, and Deferred Shares. By encouraging stock ownership through these awards, the Company seeks to attract, retain and motivate the best available personnel for positions of substantial responsibility and to provide additional incentives to Directors and key Employees of the Company or any Affiliate to promote the success of the business. It is intended that options issued pursuant to this Plan may constitute either ISOs or Non-ISOs as defined below.

2. DEFINITIONS.

As used herein, the following definitions shall apply.

(a) "Affiliate" shall mean any "parent corporation" or "subsidiary corporation" of the Company, as such terms are defined in Section 424(e) and (f), respectively, of the Code.

(b) "Agreement" shall mean a written agreement entered into in accordance with Paragraph 5(c).

(c) "Awards" shall mean, collectively, Options, SARs, and Deferred Shares.

(d) "Bank" shall mean Harbor Federal Savings Bank.

(e) "Board" shall mean the Board of Directors of the Company.

(f) "Change in Control" shall mean any one of the following events: (1) the acquisition of ownership, holding or power to vote more than 25% of the Bank's or the Company's voting stock, (2) the acquisition of the ability to control the election of a majority of the Bank's or the Company's directors, (3) the acquisition of a controlling influence over the management or policies of the Bank or the Company by any person or by persons acting as a "group" (within the meaning of Section 13(d) of the Securities Exchange Act of 1934), or (4) during any period of two consecutive years, individuals (the "Continuing Directors") who at the beginning of such period constitute the Board of Directors of the Company or the Bank (the "Existing Board") cease for any reason to constitute at least two-thirds thereof, provided that any individual whose election or nomination for election as a member of the Existing Board was approved by a vote of at least two-thirds of the Continuing Directors then in office shall be considered a Continuing Director. In the case of subsections (1), (2), and (3) above, ownership or control of the Bank by the Company itself shall not

constitute a "Change in Control." For purposes of defining Change in Control, the term "person" refers to an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship,

unincorporated organization or any other form of entity not specifically listed herein. The decision of the Committee as to whether a Change in Control has occurred shall be conclusive and binding.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(h) "Committee" shall mean the Stock Option Committee appointed by the Board in accordance with Paragraph 5(a) hereof; provided that the Board may act in lieu of the Committee with respect to any matter as to which the Committee may act.

(i) "Common Stock" shall mean the common stock of the Company.

(j) "Company" shall mean Harbor Federal Bancorp, Inc.

(k) "Continuous Service" shall mean the absence of any interruption or termination of service as an Employee or Director of the Company or an Affiliate. Continuous Service shall not be considered interrupted in the case of sick leave, military leave or any other leave of absence approved by the Company, in the case of transfers between payroll locations of the Company or between the Company, an Affiliate or a successor, or in the case of a Director's performance of services in an emeritus or advisory capacity.

(l) "Deferred Shares" shall mean Shares that the Company has credited, pursuant to Paragraph 10 hereof, to a deferred compensation account in the name of a Participant.

(m) "Director" shall mean any member of the Board, and any member of the board of directors of any Affiliate that the Board has by resolution designated as being eligible for participation in this Plan.

(n) "Disability" shall mean a physical or mental condition, which in the sole and absolute discretion of the Committee, is reasonably expected to be of indefinite duration and to substantially prevent a Participant from fulfilling his or her duties or responsibilities to the Company or an Affiliate.

(o) "Effective Date" shall mean the date specified in Paragraph 14 hereof.

(p) "Employee" shall mean any person employed by the Company, the Bank, or an Affiliate.

(q) "Exercise Price" shall mean the price per Optioned Share at which an Option may be exercised.

(r) "ISO" means an option to purchase Common Stock which meets the requirements set forth in the Plan, and which is intended to be and is identified as an "incentive stock option" within the meaning of Section 422 of

the Code.

(s) "Market Value" shall mean the fair market value of the Common Stock, as determined under Paragraph 7(b) hereof.

2

(t) "Non-Employee Director" shall have the meaning provided in Rule 16b-3.

(u) "Non-ISO" means an option to purchase Common Stock which meets the requirements set forth in the Plan but which is not intended to be and is not identified as an ISO.

(v) "Option" means an ISO and/or a Non-ISO.

(w) "Optioned Shares" shall mean Shares subject to an Award granted pursuant to this Plan.

(x) "Participant" shall mean any person who receives an Option, SAR, or Deferred Shares pursuant to the Plan.

(y) "Plan" shall mean The Peoples BancTrust Company, Inc. 1999 Stock Option Plan.

(z) "Rule 16b-3" shall mean Rule 16b-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended.

(aa) "Share" shall mean one share of Common Stock.

(bb) "SAR" (or "Stock Appreciation Right") shall mean a right to receive the appreciation in value, or a portion of the appreciation in value, of a specified number of shares of Common Stock.

3. TERM OF THE PLAN AND AWARDS.

(a) Term of the Plan. The Plan shall continue in effect for a term of ten years from the Effective Date, unless sooner terminated pursuant to Paragraph 16 hereof. No Option shall be granted under the Plan after ten years from the Effective Date.

(b) Term of Options. The term of each Option granted under the Plan shall be established by the Committee, but shall not exceed 10 years; provided, however, that in the case of an Employee who owns Shares representing more than 10% of the outstanding Common Stock at the time an ISO is granted, the term of such ISO shall not exceed five years.

4. SHARES SUBJECT TO THE PLAN.

Except as otherwise required under Paragraph 11, the aggregate number of Shares deliverable pursuant to the Plan shall not exceed 170,000 Shares. Such Shares may either be authorized but unissued Shares, Shares held in treasury, or

Shares held in a grantor trust created by the Company. If any Awards should expire, become unexercisable, or be forfeited for any reason without having resulted in the issuance of Shares to Participants, the Optioned Shares shall, unless the Plan shall have been terminated, be available for the grant of additional Awards under the Plan.

5. ADMINISTRATION OF THE PLAN.

(a) Composition of the Committee. The Plan shall be administered by the Committee, appointed by the Board, consisting of at least two members of the Board who are Non-Employee Directors. Members of the Committee shall serve at the pleasure of the Board. In the absence at any time of a duly appointed Committee, the Plan shall be administered by those members of the Board who are Non-Employee Directors.

(b) Powers of the Committee. Except as limited by the express provisions of the Plan or by resolutions adopted by the Board, the Committee shall have sole and complete authority and discretion (i) to select Participants and grant Awards, (ii) to determine the form and content of Awards to be issued in the form of Agreements under the Plan, (iii) to interpret the Plan, (iv) to prescribe, amend and rescind rules and regulations relating to the Plan, and (v) to make other determinations necessary or advisable for the administration of the Plan. The Committee shall have and may exercise such other power and authority as may be delegated to it by the Board from time to time. A majority of the entire Committee shall constitute a quorum and the action of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee without a meeting, shall be deemed the action of the Committee.

(c) Agreement. Each Award shall be evidenced by a written agreement containing such provisions as may be approved by the Committee. Each such Agreement shall constitute a binding contract between the Company and the Participant, and every Participant, upon acceptance of such Agreement, shall be bound by the terms and restrictions of the Plan and of such Agreement. The terms of each such Agreement shall be in accordance with the Plan, but each Agreement may include such additional provisions and restrictions determined by the Committee, in its discretion, provided that such additional provisions and restrictions are not inconsistent with the terms of the Plan. In particular, the Committee shall set forth in each Agreement (i) the Exercise Price of each Option or SAR, (ii) the number of Shares subject to, and the expiration date of, each Award, (iii) the manner, time and rate (cumulative or otherwise) of exercise or vesting of such Award, and (iv) the restrictions, if any, to be placed upon such Award, or upon Shares which may be issued pursuant to such Award.

The Chairman of the Committee and such other Directors and officers as shall be designated by the Committee are hereby authorized to execute Agreements on behalf of the Company and to cause them to be delivered to the recipients of Awards.

(d) Effect of the Committee's Decisions. All decisions, determinations and interpretations of the Committee shall be final and conclusive on all persons affected thereby.

(e) Indemnification. In addition to such other rights of indemnification as they may have, the members of the Committee shall be indemnified by the Company in connection with any claim, action, suit or proceeding relating to any action taken or failure to act under or in connection with the Plan or any Award granted hereunder to the full extent provided for under the Company's governing instruments with respect to the indemnification of Directors.

4

6. GRANT OF AWARDS.

(a) General Rule. The Committee shall have the discretion to make discretionary grants of Awards to Employees and Directors, including members of the Committee.

(b) Special Rules for ISOs. The aggregate Market Value, as of the date the Option is granted, of the Shares with respect to which ISOs are exercisable for the first time by an Employee during any calendar year (under all incentive stock option plans, as defined in Section 422 of the Code, of the Company or any present or future Affiliate of the Company) shall not exceed \$100,000. Notwithstanding the foregoing, the Committee may grant Options in excess of the foregoing limitations, in which case such Options granted in excess of such limitation shall be Options which are Non-ISOs.

7. EXERCISE PRICE FOR OPTIONS.

(a) Limits on Committee Discretion. The Exercise Price as to any particular Option shall not be less than 100% of the Market Value of the Optioned Shares on the date of grant. In the case of an Employee who owns Shares representing more than 10% of the Company's outstanding Shares of Common Stock at the time an ISO is granted, the Exercise Price shall not be less than 110% of the Market Value of the Optioned Shares at the time the ISO is granted.

(b) Standards for Determining Exercise Price. If the Common Stock is listed on a national securities exchange, including the Nasdaq National Market System, on the date in question, then the Market Value per Share shall be the average of the highest and lowest selling price on such exchange on such date, or if there were no sales on such date, then the Exercise Price shall be the mean between the bid and asked price on such date. If the Common Stock is traded otherwise than on a national securities exchange on the date in question, then the Market Value per Share shall be the mean between the bid and asked price on such date, or, if there is no bid and asked price on such date, then on the next prior business day on which there was a bid and asked price. If no such bid and asked price is available, then the Market Value per Share shall be its fair market value as determined by the Committee, in its sole and absolute discretion.

8. EXERCISE OF OPTIONS.

(a) Conditions for Exercise. Any Option granted hereunder shall be exercisable at such times and under such conditions as the Committee shall specify in the Agreement granting the Option to the Optionee.

(b) Procedure for Exercise. A Participant may exercise an Option, subject to provisions relative to its termination and limitations on its exercise, only by (1) written notice of intent to exercise the Option with respect to a specified number of Shares, and (2) payment to the Company (contemporaneously with delivery of such notice) in cash, in Common Stock, or a combination of cash and Common Stock, of the amount of the Exercise Price for the number of Shares with respect to which the Option is then being exercised. Each such notice, and payment where required, shall be delivered, or mailed by prepaid registered or certified mail, addressed to

5

the Treasurer of the Company at its executive offices. Common Stock utilized in full or partial payment of the Exercise Price for Options shall be valued at its Market Value at the date of exercise and have been held for at least six months. An Option may not be exercised for a fractional Share.

(c) Period of Exercisability. Except to the extent otherwise provided in the terms of an Agreement, an Option may be exercised by a Participant only during his Continuous Service, or within one year after termination of such Continuous Service (but not later than the date on which the Option would otherwise expire), except if the Participant's Continuous Service terminates by reason of -

(1) "Just Cause" which for purposes hereof shall have the meaning set forth in any unexpired employment or severance agreement between the Participant and the Bank and/or the Company (and, in the absence of any such agreement, shall mean termination because of the Participant's personal dishonesty, incompetence, willful misconduct, breach of fiduciary duty involving personal profit, intentional failure to perform stated duties, willful violation of any law, rule or regulation (other than traffic violations or similar offenses) or final cease-and-desist order), then the Participant's rights to exercise such Option shall expire on the date of such termination;

(2) death, then to the extent that the Participant would have been entitled to exercise the Option immediately prior to his death, such Option of the deceased Participant may be exercised within two years from the date of his death, but not later than the date on which the Option would otherwise expire, by the personal representatives of his estate or person or persons to whom his rights under such Option shall have passed by will or by laws of descent and distribution.

(d) Effect of the Committee's Decisions. The Committee's determination whether a Participant's Continuous Service has ceased, and the effective date

thereof, shall be final and conclusive on all persons affected thereby.

(e) Mandatory Six-Month Holding Period. Notwithstanding any other provision of this Plan to the contrary, Common Stock that is purchased upon exercise of an Option may not be sold within the six-month period following the grant date of that Option, except in the event of the Participant's death or Disability, or such other event as the Board may specifically deem appropriate.

9. SARS (STOCK APPRECIATION RIGHTS).

(a) Granting of SARs. In its sole discretion, the Committee may from time to time grant SARs to Employees or Directors either in conjunction with, or independently of, any Options granted under the Plan. An SAR granted in conjunction with an Option may be an alternative right wherein the exercise of the Option terminates the SAR to the extent of the number of shares purchased upon exercise of the Option and, correspondingly, the exercise of the SAR terminates the Option to the extent of the number of Shares with respect to which the

6

SAR is exercised. Alternatively, an SAR granted in conjunction with an Option may be an additional right wherein both the SAR and the Option may be exercised. An SAR may not be granted in conjunction with an ISO under circumstances in which the exercise of the SAR affects the right to exercise the ISO or vice versa, unless the SAR, by its terms, meets all of the following requirements: (1) the SAR will expire no later than the ISO; (2) the SAR may be for no more than the difference between the Exercise Price of the ISO and the Market Value of the Shares subject to the ISO at the time the SAR is exercised; (3) the SAR is transferable only when the ISO is transferable, and under the same conditions; (4) the SAR may be exercised only when the ISO may be exercised; and (5) the SAR may be exercised only when the Market Value of the Shares subject to the ISO exceeds the Exercise Price of the ISO.

(b) Exercise Price. The Exercise Price as to any particular SAR shall not be less than the Market Value of the Optioned Shares on the date of grant.

(c) Timing of Exercise. The provisions of Paragraph 8(b) regarding the period of exercisability of Options are incorporated by reference herein, and shall determine the period of exercisability of SARs.

(d) Exercise of SARs. An SAR granted hereunder shall be exercisable at such times and under such conditions as shall be permissible under the terms of the Plan and of the Agreement granted to a Participant, provided that an SAR may not be exercised for a fractional Share. Upon exercise of an SAR, the Participant shall be entitled to receive, without payment to the Company except for applicable withholding taxes, an amount equal to the excess of (or, in the discretion of the Committee if provided in the Agreement, a portion of) the excess of the then aggregate Market Value of the number of Optioned Shares with respect to which the Participant exercises the SAR, over the aggregate Exercise Price of such number of Optioned Shares. This amount shall be payable by the

Company, at the discretion of the Committee, in cash or in Shares valued at the then Market Value thereof, or any combination thereof.

(e) Procedure for Exercising SARs. To the extent not inconsistent herewith, the provisions of Paragraph 8(a) as to the procedure for exercising Options are incorporated by reference, and shall determine the procedure for exercising SARs.

10. DEFERRED SHARE CREDITS.

(a) Annual Awards. The Committee shall have the discretion to make discretionary awards of Deferred Shares to the accounts of Employees and Directors (including members of the Committee). On the last day of each fiscal year of the Company, the Committee shall credit 300 Deferred Shares to the account of each Director who has not accrued benefits during the fiscal year under either the Harbor Federal Savings Bank Retirement Plan for Non-Employee Directors or the Harbor Federal Savings Bank Supplemental Executive Retirement Agreement.

(b) Credit for Benefits under Certain Plans. Each Employee or Director who has accrued benefits under the Bank's Retirement Plan for Non-Employee Directors, or the Supplemental Executive Retirement Agreement may elect, at any time, to cancel his rights to all or a whole percentage of those benefits, and in consideration to receive a credit under this Plan

7

for a number of Deferred Shares that have a value on that date equal to the benefits being cancelled.

(c) Elections to Defer. The Committee may permit any Participant who is a member of a select group of management or highly compensated employees, within the meaning of the Employees' Retirement Income Security Act of 1973, to irrevocably elect to forego the receipt of cash compensation and in lieu thereof to have the Company credit an equal value of Deferred Shares to an account payable to the Participant.

(d) Vesting. All Deferred Shares shall be 100% vested, unless an Agreement specifically provides to the contrary.

(e) Cash Earnings on Deferred Shares. On the last day of each fiscal year of the Company, the Committee shall credit each Participant's account with Deferred Shares having a value equal to the product of (i) the number of Deferred Shares credited to the Participant's account at the end of the prior fiscal year and (ii) the total cash dividends per Share that the Company paid during the current fiscal year. The Trustees shall hold each Participant's Deferred Shares and deferred earnings until distribution is required pursuant to subparagraph (f) hereof.

(f) Distributions of Deferred Shares and Earnings. The Trustee shall

distribute a Participant's Deferred Shares and deferred earnings in five substantially equal annual installments that are paid before the last day of each of the five fiscal years of the Company that end after the date on which the Participant's Continuous Service terminates, unless the Committee has accepted the form attached hereto as Exhibit "A" (the "Distribution Election Form"), in which case distributions shall be made in accordance with the method selected on the form. Acceptance by the Committee shall be presumed to occur on delivery of a Distribution Election Form to the Committee, unless (i) the Committee returns it within five business days, with a written notice that sets forth the reasons for its rejection, or (ii) the Participant delivers the Distribution Election Form to the Committee either within 90 days of a Change in Control or within one year of the date on which the Participant's Continuous Service terminates prior to a Change in Control for any reason other than the Participant's death.

(g) Hardship Withdrawals. Notwithstanding any other provision of the Plan or a Participant's Distribution Election Form, in the event the Participant suffers an unforeseeable hardship within the contemplation of this paragraph, the Participant may apply to the Committee for an immediate distribution of all or a portion of his Deferred Shares. The hardship must result from a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, casualty loss of property, or other similar conditions beyond the control of the Participant. Examples of purposes which are not considered hardships include post-secondary school expenses or the desire to purchase a residence. In no event will a distribution be made to the extent the hardship could be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the Participant's nonessential assets to the extent such liquidation would not itself cause a severe financial hardship. The amount of any distribution hereunder shall be limited to the amount necessary to relieve the Participant's financial hardship. The determination of whether a Participant has a qualifying hardship and the amount which qualifies for distribution, if any, shall be made by the Committee in its sole discretion. The

8

Committee may require evidence of the purpose and amount of the need, and may establish such application or other procedures as it deems appropriate.

(h) Rights to Deferred Shares and Earnings. A Participant may not assign his or her claim to Deferred Shares and associated earnings during his or her lifetime. A Participant's right to Deferred Shares and associated earnings shall at all times constitute an unsecured promise of the Company to pay benefits as they come due. The right of the Participant or his or her beneficiary to receive benefits hereunder shall be solely an unsecured claim against the general assets of the Company. Neither the Participant nor his or her beneficiary shall have any claim against or rights in any specific assets or other fund of the Company.

11. CHANGE IN CONTROL; EFFECT OF CHANGES IN COMMON STOCK SUBJECT TO THE PLAN.

(a) Change in Control. Upon a Change in Control (or, if earlier, the

execution of an agreement to effect a Change in Control), all Options and SARs shall become fully exercisable, notwithstanding any other provision of the Plan or any Agreement.

(b) Recapitalizations; Stock Splits, Etc. The number and kind of Shares reserved for issuance under the Plan, and the number and kind of Shares subject to outstanding Awards, and the Exercise Price for Options and SARs, shall be proportionately adjusted for any increase, decrease, change or exchange of Shares for a different number or kind of shares or other securities of the Company which results from a merger, consolidation, recapitalization, reorganization, reclassification, stock dividend, split-up, combination of shares, or similar event in which the number or kind of shares is changed without the receipt or payment of consideration by the Company.

(c) Transactions in which the Company is Not the Surviving Entity. In the event of (i) the liquidation or dissolution of the Company, (ii) a merger or consolidation in which the Company is not the surviving entity, or (iii) the sale or disposition of all or substantially all of the Company's assets (any of the foregoing to be referred to herein as a "Transaction"), all Deferred Shares and all outstanding Options and SARs, together with the Exercise Prices thereof, shall be equitably adjusted for any change or exchange of Shares for a different number or kind of shares or other securities which results from the Transaction.

(d) Special Rule for ISOs. Any adjustment made pursuant to subparagraphs (a) or (b) hereof shall be made in such a manner as not to constitute a modification, within the meaning of Section 424(h) of the Code, of outstanding ISOs, unless a Participant has consented in writing to the change.

(e) Conditions and Restrictions on New, Additional, or Different Shares or Securities. If, by reason of any adjustment made pursuant to this Paragraph, a Participant becomes entitled to new, additional, or different shares of stock or securities, such new, additional, or different shares of stock or securities shall thereupon be subject to all of the conditions and restrictions which were applicable to the Deferred Shares and Optioned Shares before the adjustment was made.

9

(f) Other Issuances. Except as expressly provided in this Paragraph, the issuance by the Company or an Affiliate of shares of stock of any class, or of securities convertible into Shares or stock of another class, for cash or property or for labor or services either upon direct sale or upon the exercise of rights or warrants to subscribe therefor, shall not affect, and no adjustment shall be made with respect to, the number, class, or Exercise Price of Shares then subject to Awards or reserved for issuance under the Plan.

12. NON-TRANSFERABILITY.

Awards may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent and distribution. Notwithstanding the foregoing, or any other provision of this

Plan, a Participant who holds SARs or Options may transfer such SARs or Options (but not ISOs) to his or her spouse, lineal ascendants, lineal descendants, or to a duly established trust for the benefit of one or more of these individuals. SARs and Options so transferred may thereafter be transferred only to the Participant who originally received the grant or to an individual or trust to whom the Participant could have initially transferred the SARs or Options pursuant to this Paragraph. SARs and Options which are transferred pursuant to this Paragraph shall be exercisable by the transferee according to the same terms and conditions as applied to the Participant.

13. TIME OF GRANTING OPTIONS.

The date of grant of an Option or SAR shall, for all purposes, be the date on which the Committee makes the determination of granting such Option. Notice of the determination shall be given to each Participant to whom an Option is so granted within a reasonable time after the date of such grant.

14. EFFECTIVE DATE.

The Plan shall become effective May 24, 1999, but its effectiveness and the effectiveness of any Awards shall be contingent upon the Plan's approval by a favorable vote of stockholders owning at least a majority of the total votes cast at a duly called meeting of the Company's stockholders held in accordance with applicable laws.

15. MODIFICATION OF AWARDS.

At any time, and from time to time, the Board may authorize the Committee to direct execution of an instrument providing for the modification of any outstanding Award, provided no such modification shall confer on the holder of said Award any right or benefit which could not be conferred on him by the grant of a new Award at such time, or impair the Award without the consent of the holder of the Award.

16. AMENDMENT AND TERMINATION OF THE PLAN.

The Board may from time to time amend the terms of the Plan and, with respect to any Shares at the time not subject to outstanding Awards, suspend or terminate the Plan. No

10

amendment, suspension or termination of the Plan shall, without the consent of any affected holders of an Award, alter or impair any rights or obligations under any Award theretofore granted.

17. CONDITIONS UPON ISSUANCE OF SHARES.

(a) Compliance with Securities Laws. Shares of Common Stock shall not be issued pursuant to any provision of this Plan unless the issuance and delivery

of such Shares shall comply with all relevant provisions of law, including, without limitation, the Securities Act of 1933, as amended, the rules and regulations promulgated thereunder, any applicable state securities law, and the requirements of any stock exchange upon which the Shares may then be listed.

(b) Special Circumstances. The inability of the Company to obtain approval from any regulatory body or authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder shall relieve the Company of any liability in respect of the non-issuance or sale of such Shares. As a condition to the exercise of an Option or SAR, the Company may require the person exercising the Option or SAR to make such representations and warranties as may be necessary to assure the availability of an exemption from the registration requirements of federal or state securities law.

(c) Committee Discretion. The Committee shall have the discretionary authority to impose in Agreements such restrictions on Shares as it may deem appropriate or desirable, including but not limited to the authority to impose a right of first refusal, or to establish repurchase rights, or to pay a Participant the in-the-money value of his Award in consideration for its cancellation, or all of these restrictions.

18. RESERVATION OF SHARES.

The Company, during the term of the Plan, will reserve and keep available a number of Shares sufficient to satisfy the requirements of the Plan.

19. WITHHOLDING TAX.

The Company's obligation to deliver Shares pursuant to the Plan shall be subject to the Participant's satisfaction of all applicable federal, state and local income and employment tax withholding obligations. The Committee, in its discretion, may permit the Participant to satisfy the obligation, in whole or in part, by irrevocably electing to have the Company withhold Shares, or to deliver to the Company Shares that he already owns, having a value equal to the amount required to be withheld. The value of the Shares to be withheld, or delivered to the Company, shall be based on the Market Value of the Shares on the date the amount of tax to be withheld is to be determined. As an alternative, the Company may retain, or sell without notice, a number of such Shares sufficient to cover the amount required to be withheld.

20. NO EMPLOYMENT OR OTHER RIGHTS.

In no event shall an Employee's or Director's eligibility to participate or participation in the Plan create or be deemed to create any legal or equitable right of the Employee, Director, or any other party to continue service with the Company, the Bank, or any Affiliate of such corporations. No Employee or Director shall have a right to be granted an Award or, having received an Award, the right to again be granted an Award. However, an Employee or Director who has

been granted an Award may, if otherwise eligible, be granted an additional Award or Awards.

21. GOVERNING LAW.

The Plan shall be governed by and construed in accordance with the laws of the State of Maryland, except to the extent that federal law shall be deemed to apply.

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

DEFERRAL ELECTION FORM

AGREEMENT, made this ___ day of _____, _____, by and between _____ (the "Participant"), and Harbor Federal Bancorp, Inc. (the "Company").

WHEREAS, the Company has established the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (the "Plan"), and the Participant is eligible to participate in said Plan.

NOW THEREFORE, it is mutually agreed as follows:

1. The Participant, by the execution hereof, agrees to participate in the Plan upon the terms and conditions set forth therein, and, in accordance therewith, elects to defer the receipt of:

[] ___% of the Participant's base salary, director's fees, and/or retainers.

[] ___% of any additional cash compensation that the Participant may receive.

2. This election will take effect --

[] on the January 1st that next follows execution of this election.

[] immediately, but only with respect to annual retainers, director fees, salary, and/or cash bonuses that the Participant may earn in the future and as to which the Participant currently has no legal right or claim.

3. This election shall be irrevocable.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above-written.

PARTICIPANT

Witnessed by:

HARBOR FEDERAL BANCORP, INC.

Witnessed by:

By _____
A duly authorized Administrator of the Plan

EXHIBIT 99.2

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

Agreement for Incentive Stock Options

THIS STOCK OPTION (the "Option") grants _____ (the Optionee) the right to purchase a total of _____ shares of Common Stock, par value \$.01 per share, of Harbor Federal Bancorp, Inc. (the "Company"), at the price set forth herein, in all respects subject to the terms, definitions and provisions of the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (the "Plan") which is incorporated by reference herein. This Option is intended to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). The Optionee acknowledges, through signing below, the receipt of the prospectus associated with the Plan.

1. Option Price. The Option price per share is \$_____, which equals 100%* of the fair market value, as determined by the Committee, of the Common Stock on the date of grant of this Option.

2. Vesting and Exercise of Option. This Option shall be exercisable in accordance with the Plan as follows:

Schedule of rights to exercise:

Years of Continuous Employment After Date of Grant of Option -----	Percentage of Total Shares Subject to Option Which May Be Exercised -----
Upon Grant	_____ %
1 year but less than 2 years	_____ %
2 years but less than 3 years	_____ %
3 years or more	_____ %

3. Method of Exercise. This Option shall be exercisable by a written notice by the Optionee which shall:

(a) state the election to exercise the Option, the number of shares with respect to which it is being exercised, the person in whose name the stock certificate or certificates for such shares of Common Stock is to be registered, his address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);

* 110% in the case of an Optionee who owns shares representing more than 10% of

the outstanding common stock of the Company on the date of grant of this Option.

ISO Agreement

Page 2

(b) contain such representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be satisfactory to the Company's counsel;

(c) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Option; and

(d) be in writing and delivered in person or by certified mail to the Treasurer of the Company.

Payment of the purchase price of any shares with respect to which the Option is being exercised shall be by cash, Common Stock, or such combination of cash and Common Stock as the Optionee elects. In addition, the Optionee may elect to pay for all or part of the exercise price of the shares by having the Company withhold a number of shares that are both subject to this Option and have a fair market value equal to the exercise price. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

4. Restrictions on Exercise. This Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the Optionee's exercise of this Option, the Company may require the person exercising this Option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

5. Withholding. The Optionee hereby agrees that the exercise of the Option or any installment thereof will not be effective, and no shares will become transferable to the Optionee, until the Optionee makes appropriate arrangements with the Company for such tax withholding as may be required of the Company under federal, state, or local law on account of such exercise.

6. Non-transferability of Option. This Option may not be transferred in any manner otherwise than by will or the laws of descent or distribution. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee.

ISO Agreement

Page 3

7. Term of Option. This Option may not be exercisable for more than ten** years from the date of grant of this Option, as stated below, and may be exercised during such term only in accordance with the Plan and the terms of

this Option.

Date of Grant

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN COMMITTEE

By _____
An Authorized Member of the Committee

Witness: _____

** Five years in the case of an Optionee who owns shares representing more than 10% of the outstanding common stock of the Company on the date of grant of this Option.

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

Form for Exercise of
Incentive Stock Options

Treasurer
Harbor Federal Bancorp, Inc.
705 York Road
Baltimore, Maryland 21202-2562

Re: Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan

Dear Sir:

The undersigned elects to exercise the Incentive Stock Option to purchase _____ shares, par value \$.01, of Common Stock of Harbor Federal Bancorp, Inc. (the "Company") under and pursuant to a Stock Option Agreement dated _____, ____.

Delivered herewith is a certified or bank cashier's or teller's check and/or shares of Common Stock, valued at the fair market value of the stock on the date of exercise, as set forth below.

\$ _____ of cash or check
\$ _____ in the form of _____ shares of Common Stock, valued at \$ _____
per share
\$ TOTAL
=====

The name or names to be on the stock certificate or certificates and the address and Social Security Number of such person(s) is as follows:

Name _____

Address _____

Social Security Number _____

Date

Very truly yours,

Exhibit 99.3

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

Agreement for Non-Incentive Stock Options

THIS STOCK OPTION (the "Option") grants _____ (the "Optionee") the right to purchase a total of _____ shares of Common Stock, par value \$.01 per share, of Harbor Federal Bancorp, Inc. (the "Company") at the price set forth herein, in all respects subject to the terms, definitions and provisions of the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (the "Plan") which is incorporated by reference herein. This Option is intended not to qualify as an incentive stock option under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"). The Optionee acknowledges, through signing below, the receipt of the prospectus associated with the Plan.

1. Option Price. The Option price is \$_____ for each share, being 100% of the fair market value, as determined by the Committee, of the Common Stock on the date of grant of this Option.

2. Vesting and Exercise of Option. This Option shall be exercisable in accordance with the Plan as follows:

Schedule of rights to exercise:

Years of Continuous Employment After Date of Grant of Option -----	Percentage of Total Shares Subject to Option Which May Be Exercised -----
Upon Grant	_____ %
1 year but less than 2 years	_____ %
2 years but less than 3 years	_____ %
3 years or more	_____ %

3. Method of Exercise. This Option shall be exercisable by a written notice by the Optionee which shall:

(a) state the election to exercise the Option, the number of shares with respect to which it is being exercised, the person in whose name the stock certificate or certificates for such shares of Common Stock is to be registered, his address and Social Security Number (or if more than one, the names, addresses and Social Security Numbers of such persons);

(b) contain such representations and agreements as to the holder's investment intent with respect to such shares of Common Stock as may be satisfactory to the Company's counsel;

Non-ISO Agreement

Page 2

(c) be signed by the person or persons entitled to exercise the Option and, if the Option is being exercised by any person or persons other than the Optionee, be accompanied by proof, satisfactory to counsel for the Company, of the right of such person or persons to exercise the Option; and

(d) be in writing and delivered in person or by certified mail to the Treasurer of the Company.

Payment of the purchase price of any shares with respect to which the Option is being exercised shall be by cash, Common Stock, or such combination of cash and Common Stock as the Optionee elects. In addition, the Optionee may elect to pay for all or part of the exercise price of the shares by having the Company withhold a number of shares that are both subject to this Option and have a fair market value equal to the exercise price. The certificate or certificates for shares of Common Stock as to which the Option shall be exercised shall be registered in the name of the person or persons exercising the Option.

4. Restrictions on exercise. This Option may not be exercised if the issuance of the shares upon such exercise would constitute a violation of any applicable federal or state securities or other law or valid regulation. As a condition to the Optionee's exercise of this Option, the Company may require the person exercising this Option to make any representation and warranty to the Company as may be required by any applicable law or regulation.

5. Withholding. The Optionee hereby agrees that the exercise of the Option or any installment thereof will not be effective, and no shares will become transferable to the Optionee, until the Optionee makes appropriate arrangements with the Company for such tax withholding as may be required of the Company under federal, state, or local law on account of such exercise.

6. Non-transferability of Option. The terms of this Option shall be binding upon the executors, administrators, heirs, successors and assigns of the Optionee. The Optionee may transfer this Option to the Optionee's spouse, lineal ascendants, lineal descendants, or to a duly established trust for their benefit, provided that such transferee shall be permitted to exercise this Option subject to the same terms and conditions applicable to the Optionee. This Option may not be transferred in any other manner otherwise than by will or the laws of descent or distribution.

Non-ISO Agreement

Page 3

7. Term of Option. This Option may not be exercisable for more than ten years from the date of grant of this Option, as stated below, and may be exercised during such term only in accordance with the Plan and the terms of this Option.

Date of Grant

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN COMMITTEE

By _____
An Authorized Member of the Committee

Witness: _____

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

Form for Exercise of
Non-Incentive Stock Options

Treasurer
Harbor Federal Bancorp, Inc.
705 York Road
Baltimore, Maryland 21204-2562

Re: Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan

Dear Sir:

The undersigned elects to exercise the Non-Incentive Stock Option to purchase _____ shares, par value \$.01, of Common Stock of Harbor Federal Bancorp, Inc. (the "Company") under and pursuant to a Stock Option Agreement dated _____, 199_.

Delivered herewith is a certified or bank cashier's or teller's check and/or shares of Common Stock, valued at the fair market value of the stock on the date of exercise, as set forth below.

\$ _____ of cash or check
\$ _____ in the form of _____ shares of Common Stock, valued at \$ _____
per share
\$ TOTAL
=====

The name or names to be on the stock certificate or certificates and the address and Social Security Number of such person(s) is as follows:

Name _____

Address _____

Social Security Number _____

Date

Very truly yours,

EXHIBIT 99.4

HARBOR FEDERAL BANCORP, INC.

1999 STOCK INCENTIVE PLAN

Stock Appreciation Rights Agreement
Not In Tandem with Stock Option

On the date of grant specified below, the Stock Option Committee of Harbor Federal Bancorp, Inc. (the "Company") hereby grants to _____ (the "Optionee") a total of _____ Stock Appreciation Rights (SARs), subject to the terms and conditions set forth in the (the "Plan") (a copy of which is available to the Optionee upon request). The terms and conditions of the Plan are incorporated herein by reference.

(a) The exercise price is \$_____ for each share, such price being 100% of the fair market value, as determined by the Committee, of the Common Stock on the date of grant of this option.

(b) The SAR shall be exercisable to the extent permitted in the Plan.

(c) The SAR shall be accepted for surrender by the Optionee in consideration for the payment by the Company of an amount equal to the excess of the fair market value on the date of exercise of the Shares of Common Stock subject to such SAR over the exercise price specified in Paragraph (a) hereof.

(d) Payment hereunder shall be made in shares of Common Stock or in cash as provided in the Plan.

(e) The SAR is nontransferable, except in accordance with Section 12 of the Plan.

(f) The SAR may be exercised only in accordance with Sections 8, 9, and 12 of the Plan, and only when there is a positive spread, i.e., when the market price of the Common Stock subject to the SAR exceeds the exercise price of the SAR.

(g) In the event of any inconsistency or conflict between this Agreement and the Plan, the Plan shall be controlling and supercede any conflicting or inconsistent provision of the Agreement.

HARBOR FEDERAL BANCORP, INC. 1999 STOCK
INCENTIVE PLAN COMMITTEE

By: _____

Date of Grant:

ATTEST:

EXHIBIT 99.5

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

Notice of Deferred Share Award

WHEREAS, the Board of Directors of Harbor Federal Bancorp, Inc. (the "Company") has previously adopted the Harbor Federal Bancorp, Inc. 1999 Stock Incentive Plan (the "Plan"); and

WHEREAS, the Board of Directors of the Company has previously appointed the undersigned directors to serve as the 1999 Stock Incentive Plan Committee (the "Committee") pursuant to the terms of the Plan, and the Committee is making this award pursuant to the Plan.

PLEASE TAKE NOTICE, that the following individual be granted a deferred share award that will be distributed in accordance with Section 10 of the Plan ("Deferred Share Award") and any election made thereunder:

Recipient -----	Number of Shares Subject to Deferred Share Award -----
-----	-----

AND BE IT FURTHER RESOLVED, that the Deferred Share Award specified herein shall be subject to the restrictions and other provisions of Section 10 of the Plan.

Date of Notice:

-----, ----

HARBOR FEDERAL BANCORP, INC.
1999 STOCK INCENTIVE PLAN

_____, a duly authorized Committee member

_____, a duly authorized Committee member

_____, a duly authorized Committee member