

AGREEMENT BY AND BETWEEN
Ponce de Leon Federal Bank
Bronx, New York
and
The Comptroller of the Currency

Ponce De Leon Federal Bank, Bronx, New York (“Bank”) and the Comptroller of the Currency of the United States of America (“Comptroller”) wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices relating to Management and Asset Quality at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors (“Board”), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

Article I

JURISDICTION

(1) This Agreement shall be construed to be a “written agreement entered into with the agency” within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a “written agreement between such depository institution and such agency” within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a “formal written agreement” within the meaning of 12 C.F.R. § 163.555. See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a “written agreement” within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to:

Melissa F. Scofield
Assistant Deputy Comptroller
New York Field Office
343 Thornall Street, Suite 610
Edison, New Jersey 08837

Article II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors, the majority of which shall not be an employee or controlling shareholder of the Association or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person.

(2) Upon appointment, the names of the members of the Compliance Committee and in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Association's adherence to the provisions of this Agreement.

(3) The Compliance Committee shall meet at least monthly.

(4) Within sixty (60) days of the date of this Agreement and within ten (10) days of the end of each fiscal quarter thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(5) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

Article III

BOARD TO ENSURE COMPETENT MANAGEMENT AND BOARD OVERSIGHT

(1) Within one hundred-twenty (120) days of the date of this Agreement, the Board shall ensure that the Bank has competent management in place on a full-time basis in the positions of President, Chief Lending Officer, and Risk Management Officer to carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within thirty (30) days of the date of this Agreement, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board will determine whether management changes will be made, particularly for the roles of President, Chief Lending Officer, and Risk Management Officer.

(3) For incumbent officers in the positions mentioned in Paragraph (1) of this Article, the Board shall within thirty (30) days of the date of this Agreement assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(4) If the Board determines that an officer will continue in his or her position but that the officer's depth of skills needs improvement, the Board shall, within ninety (90) days of such determination, develop and implement a written program, with specific time frames, to appropriately train the officer, and to monitor and assess the officer's performance. At a minimum, the written program shall include:

- (a) an education program designed to ensure that the officer has the skills and abilities necessary to fulfill the duties and responsibilities of their position effectively;
- (b) a plan to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and
- (d) a performance appraisal program for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

(5) If a position mentioned in Paragraph (1) of this Article is vacant now or in the future, including if the Board realigns an existing officer's responsibilities and a position mentioned in Paragraph (1) of this Article becomes vacant, the Board shall, within ninety (90) days of such vacancy, appoint a capable person to the vacant position who shall be vested with sufficient executive authority to ensure the Bank's compliance with this Agreement and the safe and sound operation of functions within the scope of that position's responsibility.

(6) The Board shall ensure that the Bank has sufficient processes, management, personnel, and control systems to effectively implement and adhere to all provisions of this Agreement, and that the Bank's management and personnel have sufficient training and authority to execute their duties and responsibilities under this Agreement.

(7) Within one hundred twenty (120) days of the date of this Agreement, the Board shall:

- (a) perform and document an assessment of whether the current Board has the expertise and diversity of skills needed relative to the Bank's products, services, and strategic initiatives. Upon completion, the written assessment shall be forwarded to the Assistant Deputy Comptroller.
- (b) initiate prompt corrective action to address any weaknesses identified in the assessment required by paragraph (7)(a) of this Article; and
- (c) develop and formalize an adequate Board succession plan to ensure Board continuity and oversight. Upon adoption, the Board succession plan shall be forwarded to the Assistant Deputy Comptroller.

(8) Within one hundred-twenty (120) days of the date of this Agreement, the Board shall engage an independent third party to complete a written evaluation of the reasonableness of the total compensation packages of executive management and the Chairman of the Board position pursuant to 12 C.F.R. § 163.161(b). This analysis must address whether salary and other compensation is consistent with the local market for comparable knowledge, skills and ability. Independent members of the Board must ensure the compensation analysis meets regulatory requirements and is well supported. Upon completion, this written analysis shall be forwarded to the Assistant Deputy Comptroller.

(9) Within one hundred-twenty (120) days of the date of this Agreement, the Board must ensure management job descriptions and the performance evaluation process incorporate compliance with internal policy, laws and regulations, as well as, responsiveness to audit and

supervisory findings. Management must be held accountable for significant non-compliance with policies, laws, and regulations and for insufficient progress in correcting external findings.

(10) Prior to the appointment of any individual to an executive officer position or to the Board of Directors, the Board shall submit to the Assistant Deputy Comptroller the following information:

- (a) a written notice containing the information set forth in 12 C.F.R. § 163.570 and regulatory guidance related thereto;
- (b) a written statement of the Board's reasons for selecting the proposed officer or director; and
- (c) a written description of the proposed officer or director's duties and responsibilities.

(11) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new officer or director. Appointments of senior executive officers and directors, as defined in 12 C.F.R. §163.555, are subject to the requirements set forth in 12 C.F.R. Part 163, Subpart H – Notice of Change of Director or Senior Executive Officer. For individuals that are not senior executive officers or directors, the requirement to submit information and the prior disapproval provisions of this Paragraph are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and does not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days. The lack of disapproval of such individual shall not constitute an approval of or endorsement of the proposed officer.

Article IV

STAFFING PLAN

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop a staffing plan that is consistent with the goals and objectives established in the Bank's strategic plan and that accomplishes the overall risk profile established for the Bank. Staffing levels must be sufficient relative to the activities of the bank, and ensure the bank operates within laws, regulations and safe and sound banking practices. At a minimum, the plan shall include the following:

- (a) evaluate the organization structure of the Bank and ensure the staffing levels are sufficient throughout the Bank. This would require:
 - (i) identification of the skills and expertise needed to implement goals and initiatives outlined in the strategic plan;
 - (ii) identification of the skills and expertise of the Bank's current staff; and
 - (iii) comparison of the current staff's skills and expertise identified in Paragraph (1)(a)(i) of this Article to the skills and expertise identified in Paragraph (1)(a)(ii) of this Article as necessary to accomplish the Bank's goals and objectives.
- (b) ensure there is an appropriate complement of expertise and depth to address the new and repeat weaknesses noted in the January 28, 2013 Report of Examination; and

(c) expand the strategic planning process to incorporate an assessment of bank-wide staffing levels, workload, and job responsibilities, with consideration given to strategic initiatives and growth plans.

(2) Within sixty (60) days of the development of the staffing plan, the Board shall implement the plan and direct any changes necessary to provide the Bank with a staff that possesses the skills and expertise identified in Paragraph (1) of this Article. Thereafter, the Board shall ensure that the Bank adheres to the staffing plan, and shall periodically review, reassess and update the staffing plan to ensure staffing levels are sufficient.

(3) Upon completion of the actions required by Paragraphs (1) of this Article, the Board will provide a copy of its staffing plan to the Assistant Deputy Comptroller for review and supervisory non-objection.

Article V

CRITICIZED ASSETS

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank's loan portfolio.

(2) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination (ROE), in any subsequent ROE, by internal or external loan review, or in any list provided to management by the bank examiners during any examination.

(3) Within one hundred-twenty (120) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to

eliminate the basis of criticism of assets criticized in the ROE, in any subsequent ROE, or by any internal or external loan review, or in any list provided to management by the bank examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

- (a) an identification of the expected sources of repayment;
- (b) the current appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment;
- (e) triggers for upgrades or downgrades to the credit risk rating;
- (f) a global cash flow analysis that incorporates all borrower debt;
- (g) a guarantor cash flow analysis commensurate with the reliance places on the guarantor; and
- (h) individual loan stress testing, to include the effect of increases in vacancy and cap rates on collateral value.

(4) Upon adoption, a copy of the program for all criticized assets where the criticized portion of the total loans to the same borrower is equal to or exceeds two hundred fifty thousand dollars (\$250,000) shall be forwarded to the Assistant Deputy Comptroller.

(5) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof where the criticized portion of the total loans to the same borrower equals or exceeds one hundred thousand dollars (\$100,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(6) A copy of reviews for borrowers with loans in excess of two hundred fifty thousand dollars (\$250,000) shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent ROE, in any internal or external loan review, or in any list provided to management by the bank examiners during any examination and whose aggregate loans or other extensions exceed one hundred thousand (\$100,000) only if each of the following conditions are met:

- (a) the Board or a designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and

(b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

(9) The Board shall adopt, implement, and thereafter ensure Bank adherence to action plans for each parcel of other Real Estate Owned (OREO), to ensure that these assets are managed in accordance with 12 C.F.R §160.172, Call Report Instructions and Generally Accepted Accounting Principles.

Article VI

CREDIT RISK RATING PROCESS

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to address credit risk identification. At a minimum, the Board and Management shall:

- (a) review and analyze all loans currently rated "doubtful" in order to determine which loans should be upgraded or charged off;
- (b) ensure loans determined to meet the risk rating definition of loss are charged off within the quarter of discovery;
- (c) improve and formalize processes for obtaining updated financial information on borrowers and guarantors;

- (d) improve and formalize procedures outlining when and how borrower and guarantor information will be obtained, and procedures for recording and tracking the receipt of financial statements;
- (e) perform and document risk-based annual reviews to determine accurate risk ratings; and
- (f) revise the loan policy to address the annual review process, including guidelines for determining which loans are subject to annual review and who is responsible.

(2) Upon adoption, a copy of the written program, policies and procedures shall be forwarded to the Assistant Deputy Comptroller.

Article VII

CONCENTRATIONS OF RISK MANAGEMENT

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to address concentrations of credit risk monitoring. At a minimum the Board and Management shall:

- (a) expand portfolio level stress tests or sensitivity analyses to quantify the impact of changing economic conditions on asset quality, earnings, and capital; and
- (b) expand the Concentrations policy to include guidance for performing portfolio stress testing as part of the quarterly concentration analysis.

(2) Within sixty (60) days of the date of this Agreement, the Board shall develop,

implement, and thereafter ensure Bank adherence to a written program to address credit risk identification for Investor Owned Residential Real Estate (IORR), in accordance with OCC Bulletin 2012-27. At a minimum, the Board and Management shall:

- (a) develop and formalize IORR risk management standards commensurate with the risk characteristics of the portfolio; and
 - (b) assign risk ratings for IORR loans in accordance with commercial risk rating guidelines.
- (3) Upon adoption, a copy of the written programs required by this Article shall be forwarded to the Assistant Deputy Comptroller.

Article VIII

CREDIT RISK MANAGEMENT

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to address appropriate credit administration standards for the commercial portfolio. At a minimum, the Board and Management shall:

- (a) improve lending policies to differentiate between retail credit and commercial credit classification procedures;
- (b) provide and document training for the lending staff to ensure they understand the difference between retail and commercial credits, as well as how to manage each portfolio;
- (c) ensure that all loan files are kept orderly and updated frequently with new information on changes in the condition of the borrower;

- (d) revise policies and procedures to require a periodic review of the tax delinquency report;
- (e) ensure credit MIS reports, particularly for Criticized/Classified loans and the ALLL, contain updated and accurate information; and
- (f) expand the exceptions tracking report to include all documentation, collateral, underwriting, and major policy exceptions identified at underwriting and through ongoing credit review processes.

(2) Within sixty (60) days of the date of this Agreement, the Board shall ensure updated appraisals are appropriately reviewed. At a minimum, the Board and Management shall:

- (a) expand appraisal and/or evaluation reviews to include a qualitative assessment the appraiser's underlying assumptions; and
- (b) ensure the Appraisal policy is tailored to the bank.

(3) Upon adoption, a copy of the written policies and procedures required by this Article shall be forwarded to the Assistant Deputy Comptroller.

Article IX

INTERNAL LOAN REVIEW

(1) The Board shall, within sixty (60) days of the date of this Agreement, employ or designate a sufficiently experienced and qualified person(s) or firm to ensure the timely and independent identification of problem loans and leases. At a minimum, the Board shall:

- (a) ensure loan review staff apply interagency risk rating definitions and appropriately identify well-defined weaknesses;

- (b) expand the loan review scope to include a sample of loans in foreclosure, a larger sample of investor-owned residential loans (both classified and non-classified), and a lower threshold for reviewing construction loans; and
- (c) ensure loan reviews evaluate the appropriateness of accrual and impairment designations and specific loan loss reserves for problem loans, verify that information reported on the loan system is consistent with information in loan file, and identify any violations of lending laws and regulations.

(2) Upon adoption, a written description of the program required by this Article shall be forwarded to the Assistant Deputy Comptroller.

(3) The Board shall evaluate the internal loan and lease review report(s) and shall ensure that immediate, adequate, and continuing remedial action, if appropriate, is taken upon all findings noted in the report(s).

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be preserved in the Bank.

Article X

BUSINESS AND CONSTRUCTION LENDING

(1) Within sixty (60) days of the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to address lending

policies and practices for the Business and Construction Loan Portfolios. For the Business Loan portfolio, the Board and management must:

- (a) perform a review of existing business lines of credit to ensure risk ratings are appropriate and losses are recognized timely and accurately;
- (b) expand the policy to include criteria for acceptable business types and loan purposes; and
- (c) revise the policy to require a thirty-day clean up or pay down for all unsecured business loans.

(2) For the Construction Loan portfolio, the Board and Management must:

- (a) expand the policy to establish minimum standards for metrics; and limits on the number of extensions for non-amortizing loans;
- (b) revise the policy and underwriting criteria and practices to require reasonable loan covenants; and
- (c) revise the policy to address advance rates and required hard equity from the borrower.

(3) Upon adoption, a copy of the written programs required by this Article shall be forwarded to the Assistant Deputy Comptroller.

Article XI

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days of the date of this Agreement, the Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (“Allowance”) and shall establish

a program for the maintenance of an adequate Allowance. This review and program shall be designed in light of the comments on maintaining a proper Allowance found in the “Allowance for Loan and Lease Losses” booklet of the Comptroller’s Handbook, and the Interagency Policy Statement on the Allowance for Loan and Lease Losses; and shall focus particular attention on the following factors:

- (a) ensure the ALLL balance is replenished and maintained at adequate levels to support the high level of credit risk and estimated credit losses;
- (b) develop written ALLL policy and procedures to detail:
 - (i) the types of impairment analyses and when each type should be used;
 - (ii) requirements for collateral dependent and impaired loans that need current appraisals or evaluations for impairment analysis;
 - (iii) the need to assess appropriate reserves for unsecured, impaired Loans; and
 - (iv) documentation requirements for calculating loan loss reserves and qualitative factor adjustments for the ASC 450-20 portions of the ALLL.
- (c) ensure the ALLL methodology addresses the requirements outlined in the *Interagency Policy Statement on the Allowance for Loan and Lease Losses* particularly for documentation requirements. The allowance estimates must be based on comprehensive, well documented, and consistently applied analysis. The methodology and quarterly ALLL memorandum must incorporate the following action items:

- (i) “arbitrary loss ratios” used for the construction 1-4 family owner-occupied, construction non-residential, and land loan segments must be supported by a documented current analysis of peer data or by an estimate from a third party, that has the expertise and ability to support its estimates and judgments. If peer data is used, data should be from peers with similar loan portfolio, underwriting, and environmental characteristics;
 - (ii) historical loss rates used for the special mention and substandard ASC 450-20 pools must be supported by a detailed analysis;
 - (iii) qualitative factors and quarterly changes to the qualitative factors must be supported by a detailed analysis and narrative discussion;
 - (iv) differences in the qualitative factor adjustments used for pass rated loans versus classified loans must be well supported and documented.
- (d) ensure an independent party periodically validates the ALLL methodology.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) Upon adoption, a copy of the Board's program shall be submitted to the Assistant Deputy Comptroller.

Article XII

TROUBLE DEBT RESTRUCTURINGS (TDR) AND NONACCRUAL LOANS

(1) The Bank shall immediately reverse all interest that has been accrued contrary to the requirements contained in the Instructions for Preparation of Consolidated Reports of Condition and Income (“Call Report Instructions”) governing nonaccrual loans. Further, the Bank shall immediately reverse that portion of the remaining accrued interest on such loans that, when combined with principal, is not protected by sound collateral values.

(2) Within sixty (60) days of the date of this Agreement, the Board shall have an audit performed of the TDR portfolio, to ensure accrual status is appropriate. Upon completion, a copy of the audit report shall be forwarded to the Assistant Deputy Comptroller.

(3) Within sixty (60) days of the date of this Agreement, the Board shall adopt and implement written policies and procedures governing the supervision and control of TDRs and nonaccrual loans. Such policies and procedures shall:

- (a) be consistent with the accounting requirements contained in the Call Report Instructions;
- (b) ensure that staff are adequately trained to accurately and timely identify, manage, and account for TDRs and non-accrual loans;
- (c) ensure that TDRs are granted based on an updated financial analysis demonstrating the borrower’s ability to repay under modified terms;

- (d) ensure that TDRs are accounted for in accordance with Call Report instructions throughout the life of the loan;
- (e) perform an impairment analysis on all TDRs regardless of the loan amount; and
- (f) require the monthly presentation to the Board of all loans meeting any of the nonaccrual criteria.

(4) Within sixty (60) days of the date of this Agreement, the Board shall develop and implement a written policy governing the identification of and accounting treatment for nonaccrual loans. The policy shall address paragraph (3) above as well as the comments on page 32 of the ROE and shall be consistent with the accounting requirements contained in the Call Report Instructions.

(5) Within sixty (60) days of the date of this Agreement, the Board shall develop and implement a written policy that shall provide for auditing accrued interest on loans. The policy shall, at a minimum, provide for annual audits of loan accruals and incorporate procedures for periodically testing the Bank's identification of nonaccrual loans as governed by the policy adopted pursuant to paragraph (4) above.

(6) Upon adoption, a copy of the written policies and procedures shall be forwarded to the Assistant Deputy Comptroller and the Board shall thereafter ensure Bank adherence to all policies and procedures developed pursuant to this Article.

Article XIII

INTERNAL AUDIT

(1) Within one hundred twenty (120) days of the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program in conformance with the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Internal Audit Function and its Outsourcing," dated March 17, 2003 (OCC Bulletin 2003-12). The program shall cover all key risk areas of the Bank, and be sufficient to:

- (a) ensure sample sizes correspond with the risk of each auditable area;
- (b) ensure audit reports explicitly identify the root cause of issues found;
- (c) expand the audit exceptions tracking report to include all findings from the external audit firm (McGladrey and Pullen) and consultants;
- (d) establish an Audit Committee Charter that outlines the Audit Committee's purpose, objectives, organization, authority, and responsibilities; and
- (e) expand documentation of Audit Committee meetings to address all topics discussed during the meeting.

(2) As part of this audit program, the Board or the Audit Committee shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed, and shall assess the performance of the department or outside firm at least annually.

(4) The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions and tracking the timeliness and effectiveness of such actions.

(5) The audit staff shall have access to any records necessary for the proper conduct of its activities. The OCC shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(6) Upon adoption, a copy of the internal audit program shall be promptly submitted to the Assistant Deputy Comptroller for review and determination of no supervisory objection.

Article XIV

BANK SECRECY ACT COMPLIANCE

(1) Within sixty (60) days of the date of this Agreement, in response to the risks assessed as set forth in the Report of Examination, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliance with the Bank Secrecy Act (“BSA”), as amended (31 U.S.C. §§ 5311 et seq.), the regulations promulgated thereunder at 31 C.F.R. Part 1020, 12 C.F.R. Part 163.177, and for the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance with the BSA.

(2) This program shall include, but not be limited to, the following:

- (a) expanding the BSA risk assessment to include all high-risk customers, including those customers whose expected activity is currently unknown;
- (b) establishing a process whereby the BSA Officer reports to relevant managers the status of employee training efforts throughout the year, and

staff members or management who do not complete compliance training efforts are held accountable;

- (c) ensuring information completed at account opening includes expected account behavior and performing customer due diligence information on older “grandfathered” accounts; and
- (d) expanding enhanced due diligence procedures to consistently include a comparison of actual customer activity against expected activity.

(3) Upon adoption, a copy of this program shall be submitted to the Assistant Deputy Comptroller for review. In the event the Assistant Deputy Comptroller recommends changes to the program, the Board shall immediately incorporate those changes into the program.

Article XV

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him/her by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

- (a) Authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;
- (b) Require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;
- (c) Follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) Require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of

consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/

Melissa F. Scofield
Assistant Deputy Comptroller
New York Field Office
Edison, New Jersey

7/11/13

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/	07/11/2013
_____	_____
James Demetriou	Date
/s/	07/11/2013
_____	_____
William Feldman	Date
/s/	07/11/2013
_____	_____
Julio Gurman	Date
/s/	07/11/2013
_____	_____
Nick Lugo	Date
/s/	07/11/2013
_____	_____
Steven Tsavaris	Date
/s/	07/11/2013
_____	_____
William Vega	Date