

AGREEMENT BY AND BETWEEN
Community Federal Savings Bank
Woodhaven, New York
and
The Comptroller of the Currency

Community Federal Savings Bank, Woodhaven, 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 earnings.

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. § 163.555.¹ 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) This Agreement shall cause the Bank to continue to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller and the following restrictions shall apply:

- (a) The Bank is required to notify the OCC of the proposed addition of any individual to the board of directors or the employment of any individual as a senior executive officer at least thirty (30) days before such addition or employment becomes effective, as required by the 12 C.F.R. § 163.560 and 12 U.S.C. § 1831i.
- (b) The Bank is restricted from making any “golden parachute payment” (including severance payments and agreements relating thereto), within the meaning and subject to the restrictions of 12 U.S.C. § 1828(k) and 12 C.F.R. Part 359, except as may be permitted under the above-mentioned statute and regulation.
- (c) The Bank shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 163.141,

¹ In order to facilitate the Office of the Comptroller of the Currency’s (OCC) enforcement and administration of former Office of Thrift Supervision (OTS) rules and to make appropriate changes to these rules to reflect OCC supervision of federal savings associations as of the transfer date, the OCC republished, with nomenclature and other technical changes, the OTS regulations formerly found in Chapter V of Title 12 of the Code of Federal Regulations. The republished regulations are codified with the OCC’s regulations in Chapter I at parts 100 through 197 (“Republished Regulations”), effective on July 21, 2011. The Republished Regulations supersede the OTS regulations in Chapter V for purposes of OCC supervision and regulation of federal savings associations. OTS Integration Pursuant to the Dodd-Frank

without first filing an application pursuant to 12 C.F.R. § 163.143(a) and receiving the prior written approval of the Assistant Deputy Comptroller.

(d) The Bank will not qualify for expedited treatment for applications and notices filed with the OCC. See 12 C.F.R. § 116.5.

(6) 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:

Thomas S. Angstadt
Assistant Deputy Comptroller
New York Metro
340 Madison Avenue, Fourth Floor
New York, NY 10173

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, of which no more than one (1) shall be an employee or controlling shareholder of the Bank 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. 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 Bank's adherence to the provisions of this Agreement.

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

Wall Street Reform and Consumer Protection Act; Interim Final Rule, 76 Fed.Reg. 48,950 (Aug. 9, 2011). References in this document are to the Republished Regulations at 12 C.F.R. Chapter I.

(3) Within ninety (90) days of the date of this Agreement and quarterly 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.

(4) 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

BUSINESS PLAN

(1) Within sixty (60) days, the Board shall update, revise and thereafter ensure Bank adherence to a comprehensive business plan for the time period of December 31, 2013 through December 31, 2016 that conforms to all applicable laws, regulations, and regulatory guidance. The business plan shall include at a minimum:

- (a) a written profit plan and a detailed budget that describes the Bank's objectives for improving core earnings, and achieving profitability on a consistent basis;
- (b) strategies for ensuring that the Bank has the financial and personnel resources necessary to implement and adhere to the Business plan, adequately support the Bank's risk profile, and

maintain compliance with applicable regulatory capital requirements;

- (c) procedures shall also be established to monitor the Bank's actual results against these projections and to provide for appropriate adjustments to the budget and profit plan and specific time frames for the accomplishment of these objectives;
- (d) identification of all relevant assumptions made in formulating the business plan and a requirement that documentation supporting such assumptions be retained by the Bank.

(2) A copy of the plan shall be submitted to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the program.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article.

Article IV

BOARD TO ENSURE COMPETENT MANAGEMENT

(1) Within ninety (90) days, the Board shall ensure that the Bank has competent management in place on a full-time basis in its President and the officer designated for Bank Secrecy Act compliance (the "BSA Officer") positions 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) For incumbent officers in the positions mentioned in Paragraph (1) of this Article, the Board shall, within sixty (60) days, assess each of these officers' experience, other qualifications and performance compared to the position's description, duties and responsibilities.

(3) If the Board determines that an incumbent officer in the positions mentioned in Paragraph (1) will continue in his/her position but that the officer's depth of skills needs improvement, the Board will, within sixty (60) days of that determination, develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program 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.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(4) 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 thirty (30) 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.

(5) Prior to the appointment of any individual to the position of an executive officer, as defined in 12 C.F.R. § 215.2(e)(1), 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; and
- (c) a written description of the proposed officer's duties and responsibilities.

(6) The Assistant Deputy Comptroller or his/her designee shall have the power to disapprove the appointment of the proposed officer. Appointments of senior executive officers, 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, the requirement to submit information and the prior disapproval provisions of this Article are based on the

authority of 12 U.S.C. § 1818(b)(6)(E). The lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

Article V

SUSPICIOUS ACTIVITY REPORTS

(1) The Board shall ensure that Bank management revises and ensures Bank adherence to its written Suspicious Activity Reports (“SARs”) program to such that its system of internal controls and processes ensure compliance with the requirements to file SARs set forth in 12 C.F.R. § 163.180, as amended. At a minimum, this written program shall establish risk-based procedures for identifying, escalating, investigating and reporting known or suspected violations of Federal law, violations of the BSA, or suspicious transactions related to the opening of new accounts, the monitoring of current accounts, and the transfer of funds through the Bank.

(2) The Board shall ensure that Bank management has established processes, personnel, and control systems to ensure the effective implementation of, and adherence to, the program developed pursuant to paragraph (1) of this Article, and that there are appropriate monitoring criteria designed to ensure proper identification and timely reporting of all known or suspected violations of law and suspicious transactions.

(3) The Board shall ensure that Bank management uses investigative case file standards that are consistent with the SAR Decision-Making Process section of the FFIEC Bank Secrecy Act/Anti-Money Laundering Examination Manual. At a minimum, the revised program shall include:

- (a) investigative procedures related to suspicious transactions and activity;

- (b) the Banks's rationale to file or not file a SAR;
- (c) documentation for all filed SARs and decisions made to not file a SAR

Article VI

OFFICE OF FOREIGN ASSETS CONTROL (OFAC)

(1) Within sixty (60) days, the Board shall develop and implement policies, procedures, processes and a system of internal controls to ensure compliance with the Office of Foreign Asset Control Regulations set forth at 31 C.F.R. Part 500 (OFAC Procedures) and to monitor all transaction for full compliance with all applicable laws, regulations and regulatory guidance. At a minimum, the OFAC Procedures shall address the corrective actions set forth in the 2013 ROE requiring that the Bank's OFAC risk assessment be sufficiently tailored to match the risk profile of the Bank and to ensure that OFAC filters are set to a sufficient level of sensitivity.

Article VII

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/

Thomas S. Angstadt
Assistant Deputy Comptroller
New York Field Office

2/6/2014

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.

<u>/s/</u> Syd Ghermezian	<u>02/06/2014</u> Date
<u>/s/</u> Howard Anson	<u>02/06/2014</u> Date
<u>/s/</u> Gary Heatherington	<u>02/06/2014</u> Date
<u>/s/</u> Martin Hyman	<u>02/06/2014</u> Date
<u>/s/</u> Ira Perlmutter	<u>02/06/2014</u> Date
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