

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

-----	:	Re: Northeast Regional
In the Matter of	:	Director
	:	Resolution No. NY-98-1
AmBase Corporation	:	
New York, New York	:	Dated: Feb. 15, 1991
	:	
and its Directors, Officers,	:	STIPULATION AND
Employees, Service Corporations,	:	CONSENT TO ISSUANCE
Subsidiaries, and Affiliates	:	OF ORDER TO
-----	:	CEASE AND DESIST

This Stipulation is entered into by and between the Office of Thrift Supervision ("OTS"), a bureau within the United States Department of the Treasury, and AmBase Corporation, New York, New York ("AmBase"), the savings and loan holding company of Carteret Savings Bank, F.A., Morristown, New Jersey ("Carteret").

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease-and-desist proceeding against AmBase pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818(b), and AmBase desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation. AmBase, without admitting or denying that such grounds exist, and having considered the attached Order to Cease-and-Desist

(the "Order") and accompanying resolution, hereby stipulates and agrees to the following terms in consideration of the agreement by the OTS to refrain from initiating an administrative cease-and-desist proceeding against AmBase on the subjects covered in the Order for so long as AmBase complies with the Order.

2. Jurisdiction.

(a) AmBase is a "savings and loan holding company" under Section 10 of the Home Owners' Loan Act, 12 U.S.C.A. § 1467a. Accordingly, it controls Carteret Savings Bank, F.A., which is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.A. § 1813(c).

(b) AmBase is subject to the authority of the OTS to initiate and maintain a cease-and-desist proceeding against it pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b) and 12 U.S.C.A. § 1467a(i)(5).

3. Consent. AmBase consents to the issuance by the OTS of the Order. AmBase further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued under Section 8(b) of the FDIA, as amended, and 12 U.S.C.A. § 1467a(i)(5) and upon its issuance by the OTS, it shall be a final Order, effective and fully enforceable by the OTS

under the provisions of Section 8 of the FDIA, 12 U.S.C.A. § 1818 and 12 U.S.C.A. § 1467a.

5. Waivers. AmBase, following consultation with its counsel, hereby waives the following legal rights:

(a) the right to be served with a written notice of the OTS's charges against it (referred to as a Notice of Charges and Hearing) (see, e.g., Section 8(b) of the FDIA);

(k) the right to an administrative hearing of the OTS's charges against it (see, e.g., Section 8(b) of the FDIA); and

(c) the right to challenge the OTS's issuance of the Order, including any such right provided by Section 8(h) of the FDIA, or otherwise challenge the validity of the Order.

6. No provision of this Stipulation, Order or accompanying resolution shall be deemed either an admission or a denial by AmBase or any other person of any fact or alleged wrongdoing and no provisions of any of these documents shall be admissible in any action or proceeding except one to enforce the terms of the Order.

WHEREFORE, in consideration of the foregoing, the OTS and AmBase, upon ratification of a resolution to be duly

adopted by its Board of Directors (a copy thereof is attached hereto), hereby execute this Stipulation.

OFFICE OF THRIFT SUPERVISION

AMBASS CORPORAION

By:

/S/

Regional Director

By:

/S/

Name: BOGAN
Title: EUP

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
AmBase Corporation
New York, New York

and its Directors, Officers,
Employees, Service Corporations,
Subsidiaries, and Affiliates

Re: Northeast Regional
Director
Resolution No. NY-94-1

Dated: Feb. 15, 1991

ORDER TO CEASE AND DESIST

WHEREAS, AmBase Corporation ("AmBase"), a Delaware corporation having its principal executive offices at 59 Maiden Lane, New York, New York, through its directors, has executed a Stipulation and Consent to Issuance of Order to Cease and Desist, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Northeast Regional Office; and

WHEREAS, AmBase, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, as Amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L.

No. 101-73, 103 Stat. 183 ("FIRREA") (to be codified at 12 U.S.C. § 1818(b)) and pursuant to 12 U.S.C. § 1467a; and

WHEREAS, AmBase neither admits nor denies that it has engaged in any activity violative of FIRREA, the Home Owners' Loan Act, 12 U.S.C. §§ 1461 et seq. (West 1990 supplement) or the Federal Reserve Act, 12 U.S.C. §§ 221 et seq. (West 1989) and enters into this stipulation solely to conserve expense and to facilitate the conduct of its business.

NOW THEREFORE, IT IS ORDERED that AmBase and its directors, officers, employees, agents and service corporations shall cease and desist from any violation of, or the aiding and abetting of any violation of:

1. Section 11 of the Home Owners' Loan Act, 12 U.S.C.A. 1468 (West 1990 Supplement) and
2. Sections 23A and 23B of the Federal Reserve Act, 12 U.S.C.A. §§ 371c and 371c-1 (West 1989):

IT IS FURTHER ORDERED that:

3. In order to secure the payment of \$30,000,000 to Carteret Savings Bank, F.A. ("Carteret") pursuant to the terms of the Regulatory Capital Maintenance/Dividend Agreement dated November 28, 1988, between AmBase and the OTS ("Capital Maintenance Obligation"), AmBase shall complete and incorporate an amendment to the current contract for the sale of the Home Insurance Company to the TVH Acquisition

Corporation ("Home Sale Agreement") as set forth in Appendix A. AmBase shall not agree to eliminate or modify such amendment or any other part of the Home Sale Agreement so as to impair the right of Carteret to receive such payment.

4. In the event the Home Sale Agreement is terminated, and as security for the payment and performance by AmBase of its unsatisfied obligation under the Capital Maintenance Obligation, AmBase promptly shall after such termination transfer, grant, bargain, sell, convey, hypothecate, set over and deliver to the OTS through the Regional Director shares of Home Insurance Company preferred stock owned by AmBase with a then-current market value of and not more than \$10,000,000 (\$50 million) ("the preferred shares"). Upon delivery to the OTS, the OTS shall have, subject to the right of AmBase to regain the preferred shares in accordance with this paragraph, all right, title, interest, powers, privileges and preferences pertaining or incidental to the preferred shares including any dividends paid thereon, except that the OTS may not sell, pledge or transfer title to the preferred shares except in accordance with this paragraph. The preferred shares shall be held by the Regional Director until the date AmBase satisfies its obligations under the terms of the Capital Maintenance Obligation or until March 31, 1991, whichever date is earlier. In the event that AmBase complies with its

obligations under the Capital Maintenance Obligation before March 31, 1991, the OTS shall reassign, transfer and deliver to AmBase the preferred shares together with appropriate instruments of reassignment and release and any amounts representing dividends or other payments or distributions paid or made on the preferred shares prior to such date. In the event that AmBase does not comply with the Capital Maintenance Obligation by the close of business on March 31, 1991, the OTS shall sell all or any portion of the preferred shares. The proceeds of such sale, as well as any proceeds from dividends or other payments or distributions on the preferred shares received by the OTS, shall be used first to pay the costs associated with such sale and then to pay the unsatisfied obligation of AmBase under the Capital Maintenance Obligation. Any remaining proceeds shall be conveyed to AmBase and any preferred shares that have not been sold or otherwise applied by the OTS to satisfy the obligations of AmBase shall be reassigned and delivered to AmBase within ten business days of the closing of such sale. In the event that the Home Sale Agreement is terminated, AmBase will use its best efforts to receive consent to the foregoing arrangements from the banks which are party to the Credit Agreement dated May 29, 1990 (as amended) between AmBase and such banks. Subject to such consent and to applicable law

the rights of OTS and the obligations of AmBase hereunder shall be absolute and unconditional.

5. Until the date AmBase satisfies its Capital Maintenance Obligation to Carteret, AmBase shall not make any payments to Jack R. Plaxe, Bruce W. Bean, Lester J. Mantell, Robert L. Woodrum, or Theodore A. Babcock except the customary monthly payments that each named individual has earned, which are not to exceed the monthly payments they received during 1990, and expense reimbursements, and shall not make any payments to Marshall Manley without the prior written consent of the Regional Director.

6. Until the earlier of the date AmBase satisfies its Capital Maintenance Obligation to Carteret or March 31, 1991, AmBase shall not make any payments to any individual pursuant to any severance, "parachute", or advance compensation agreements totalling more than \$25,000 per individual or \$500,000 in the aggregate.

7. Until the date AmBase satisfies its Capital Maintenance Obligation to Carteret, no payment shall be made to an institution-affiliated party except for customary payments for services rendered and expense reimbursements without the prior written approval of the Regional Director.

8. Until the date AmBase satisfies its Capital Maintenance Obligation to Carteret, AmBase will not enter

into any compensation, "parachute" or severance contracts without the prior written consent of the Regional Director.

9. Subject to the requirements of any applicable bankruptcy laws, until the date AmBase satisfies its Capital Maintenance Obligation to Carteret, AmBase shall neither commit to nor make any expenditure in excess of \$250,000 without the prior written consent of the Regional Director except for payments contemplated to be made pursuant to the Home Sale Agreement consistent with the provisions in paragraphs 5, 6, 7, and 8: AmBase's offers to purchase its 14-7/8% Notes and Home Funding Debentures and transactions related thereto, payments of interest on its outstanding indebtedness in accordance with its existing terms) and payments of legal fees accrued to date.

ONLY AS PROVIDED
BY THE HOME SALE

10. The Stipulation is made a part hereof and is ~~AS SET~~ incorporated herein by this reference.

11. All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in the regulations, policy statements, or bulletins issued by the OTS and any such technical words or terms used in this Order and undefined in said regulations, policy statements, or bulletins shall have meanings that accord with the best custom and usage in the savings and loan or banking industries, as

APPENDIX A

EXCERPT TO BE INCLUDED IN AMENDMENT NO. 3
TO THE STOCK PURCHASE AGREEMENT
BETWEEN AMBASE CORPORATION AND
TVH ACQUISITION CORPORATION

[]. The first sentence of Section 2.7 of the Stock Purchase Agreement is hereby amended by deleting clause (iv) thereof and ending the first sentence after clause (iii) thereof, and by adding a new sentence after the first sentence of said Section 2.7 which will read in its entirety as follows:

"The Purchaser and the Seller further agree that the Purchaser immediately following the Closing shall pay in cash to Carteret Savings Bank, F.A. ("Carteret") the amount of \$30 million, representing liabilities of the Seller pursuant to the Regulatory Capital Maintenance/Dividend Agreement dated November 28, 1988 between the Seller and the Office of Thrift Supervision (the "OTS Agreement") with respect to maintaining the capital of Carteret."

[]. The third sentence (after the amendments described above) of Section 2.7 of the Stock Purchase Agreement is hereby amended by inserting the word "and" immediately before clause (c) thereof, by deleting clause (d) thereof and the word "and" immediately before such clause (d) and by changing all references to "the preceding sentence" in such sentence to refer to "the first sentence hereof".