

FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

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In the Matter of	)	
	)	
CROWN BANK	)	SECOND AMENDED
ELIZABETH, NEW JERSEY	)	CONSENT ORDER
(formerly located in	)	
Ocean City, New Jersey)	)	
	)	FDIC-12-012b
(INSURED STATE NONMEMBER BANK)	)	
	)	
_____	)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for Crown Bank, Elizabeth, New Jersey (“Bank”), under section 3(q) of the Federal Deposit Insurance Act (“Act”), 12 U.S.C. § 1813(q); the Bank moved its headquarters from Ocean City, New Jersey to Elizabeth, New Jersey on or about June 10, 2013.

The Bank, by and through its duly elected and acting board of directors (“Board”), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF THE SECOND AMENDED CONSENT ORDER (“CONSENT AGREEMENT”), dated December 14, 2016 that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation relating to, among other things, weaknesses in management, asset quality, capital, funds management and earnings, to the issuance of this SECOND AMENDED CONSENT ORDER (“SECOND AMENDED ORDER”), which amends and restates the AMENDED CONSENT ORDER (“AMENDED ORDER”) issued by the FDIC on May 9, 2013.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b), continue to be satisfied, the FDIC hereby amends and restates the AMENDED ORDER as set forth below:

MANAGEMENT

1. (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank.

(b) The Board shall, in accordance with subparagraph (c) below, retain an independent third party to conduct a management study (“Management Study”) of the Bank’s management and staffing needs and the abilities, experience and other qualifications required to perform present and anticipated duties of the Bank’s Chairman of the Board, directors and senior executive officers (as that term is defined in 12 C.F.R. § 303.101(b), hereinafter “Senior Executive Officers”) as well as the appropriateness of all current and deferred compensation paid to each director, including the Chairman of the Board, and each Senior Executive Officer in light of their competence, responsibilities and performance with a comparison of such compensation to that of insured depository institutions of comparable size and complexity, and, based on the foregoing analyses and comparisons, to identify an appropriate level of compensation for each director, including the Chairman of the Board, and Senior Executive Officer.

(c) Within 30 days of the effective date of this SECOND AMENDED ORDER, the Board will provide the Regional Director of the FDIC New York Regional Office (“Regional Director”) and the Commissioner of Banking and Insurance of the State of New Jersey (“Commissioner”) with a copy of a proposed engagement letter or contract to conduct the Management Study for review and non-objection in accordance with paragraph 17 of this

SECOND AMENDED ORDER. This third party shall be acceptable to the Regional Director and the Commissioner.

(i) The contract or engagement letter shall, at a minimum, include:

(a) a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(b) the responsibilities of the firm or individual;

(c) identification of the professional standards covering the work to be performed;

(d) identification of the specific procedures to be used when carrying out the work to be performed;

(e) the qualifications of the employee(s) of the independent third party who are to perform the work;

(f) the time frame for completion of the work;

(g) any restrictions on the use of the reported findings;

(h) a provision for unrestricted access to work papers of the third party by the FDIC and the New Jersey Department of Banking and Insurance ("NJDOBI"); and

(i) a certification that the third party firm or individual is not affiliated in any manner with a current or former employee of the Bank or any of its Senior Executive Officers or directors (current or former).

(ii) The engagement letter or contract shall require that the Management Study be completed and summarized in a written report ("Management Report") and delivered to the Board within 60 days of the Regional Director's and the Commissioner's non-objection to

the proposed engagement letter or contract, with a copy delivered simultaneously to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

(iii) At a minimum, the Management Report shall:

(a) with respect to the position of Chairman of the Board, giving appropriate consideration to the size and complexity of the Bank, (1) identify the authorities, responsibilities and accountabilities appropriate to the position; (2) present a clear and concise description of the relevant knowledge, skills, abilities and experience necessary for the position; and (3) present a recommendation as to appropriate compensation, if any;

(b) identify the type and number of directors needed to manage and supervise the affairs of the Bank in a safe and sound manner, including, but not limited to, those necessary to ensure the Bank's full and complete compliance with this SECOND AMENDED ORDER and all applicable statutes and regulations, detailing any vacancies and additional needs with appropriate consideration to any statutory or regulatory requirements as well as the size and complexity of the Bank, and present a recommendation as to appropriate compensation, if any;

(c) identify the type and number of Senior Executive Officers and other officer positions, noting the responsibilities and accountabilities attributable to each position, needed to manage and supervise the affairs of the Bank in a safe and sound manner, including, but not limited to, those necessary to ensure the Bank's full and complete compliance with this SECOND AMENDED ORDER and all applicable statutes and regulations, detailing any vacancies and additional needs with appropriate consideration to the size and complexity of the Bank, and provide a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance

objectives, along with a recommendation on an appropriate base salary level and bonus range, if any, with respect to each position;

(d) identify the type and number of staff positions, noting the responsibilities and accountabilities attributable to each position, needed to implement the plans, policies, procedures and processes required to fully and completely comply with this SECOND AMENDED ORDER detailing any vacancies and additional needs and provide a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives, along with a recommendation on an appropriate base salary level and bonus range, if any;

(e) identify the reason(s) for the resignations, terminations and/or departures of directors, Senior Executive Officers and any personnel reporting directly to Senior Executive Officers of the Bank in the 24 months prior to the effective date of this SECOND AMENDED ORDER and present a recommendation(s) to address and retain Bank directors, Senior Executive Officers and staff members;

(f) evaluate all existing directors (including the Chairman of the Board), Senior Executive Officers, and key staff members of the Bank, as defined below, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Bank's established plans, policies, procedures and processes as well as those required by this SECOND AMENDED ORDER, and operate the Bank in a safe and sound manner. The phrase "key staff members" shall, at a minimum include, any individual holding the title of or performing the function of vice president or higher at the Bank, excluding branch managers holding the title of vice president;

(g) recommend a plan, consistent with the independent third party's

analysis and assessment of the Bank's management and staffing needs and retention issues including, but not limited to, those necessary to ensure the Bank's compliance with this SECOND AMENDED ORDER and all applicable statutes and regulations, to retain and/or recruit qualified directors (including the Chairman of the Board), Senior Executive Officers and staff members;

(h) recommend any additional training and development needs of the Bank not specifically identified and required by this SECOND AMENDED ORDER, as well as a plan to provide such training and development to the appropriate personnel; and

(i) recommend procedures to periodically review and update the Management Plan described below and assess the performance of the Chairman of the Board and each Senior Executive Officer and staff member.

(iv) Within 30 days of receipt of the Regional Director's and the Commissioner's non-objection to the Management Report, the Board shall develop a written plan of action (the "Management Plan") in response to each recommendation contained in the Management Report and a time frame for completing each action. The Management Plan and any subsequent modification thereto will be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

(v) Until such time as this SECOND AMENDED ORDER is terminated, the Board shall provide written notification to the Regional Director and the Commissioner of the resignations or terminations of the Chairman of the Board or any of its Senior Executive Officers or Board members within 15 days of the event. In addition, the Board shall provide written notification to the Regional Director and the Commissioner of any proposed new Chairman of

the Board, Senior Executive Officer or Board member at least 30 days prior to the date such proposed individual is to begin service; such notification will include their resume, completed Interagency Biographical and Financial Report (FDIC Form No. 3064-0006) and such other information as the Regional Director or the Commissioner may request. Such changes will only be effective upon receipt of the Regional Director's and the Commissioner's written non-objection.

BOARD PARTICIPATION

2. (a) The Board shall improve its oversight of and participation in the affairs of the Bank, assume full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size, and ensure full and complete compliance with this SECOND AMENDED ORDER. The Board's participation shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the Board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, noncurrent, and recovered loans; commercial real estate concentrations; loan documentation and credit underwriting exceptions; individual committee reports; internal and external audit reports, including audit exception tracking reports; internal control reviews; liquidity and funds management; operating policies; and a report noting timelines and deliverables regarding the actions taken and to be taken by the Bank to ensure full and complete compliance with this SECOND AMENDED ORDER. The Board minutes shall document these reviews and approvals, including the names of any dissenting directors. Nothing in this paragraph shall preclude the Board from considering matters other than those contained in the agenda.

(b) The Board shall take action to ensure that complete and accurate minutes

of the Board and committee meetings are maintained, and the minutes adequately address the areas covered by this SECOND AMENDED ORDER and the actions taken and to be taken to ensure full and complete compliance with this SECOND AMENDED ORDER and their timeliness; and that management reports are sufficient to provide the Board with timely, accurate and adequate information necessary for making business decisions on the basis of fully informed and meaningful deliberation and ensure full and complete compliance with this SECOND AMENDED ORDER;

(c) Within 180 days from the effective date of this SECOND AMENDED ORDER, the Board shall be comprised of a majority of directors that are “independent” as that term is defined below.

(d) Each independent director shall provide a certification satisfactory to the Regional Director and the Commissioner attesting to their independence to the Regional Director and the Commissioner.

(e) For the purposes of this SECOND AMENDED ORDER, the term “Independent Director” shall mean an individual who:

(i) is not now nor within the last three years employed in any capacity, by the Bank or any of its affiliates (for purposes of this SECOND AMENDED ORDER, the term “affiliate of, or a person affiliated with, a specified person or entity” means a person or entity that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified), other than as a director;

(ii) does not now serve and has not within the last three years served or been affiliated with, have a financial interest in or employed by an entity that is or has served

as a consultant, advisor, promoter, underwriter, legal counsel, or trustee to the Bank or any of its affiliates;

(iii) does not own more than 7.5 percent of the outstanding shares of the Bank or any of the Bank's affiliates;

(iv) is not related by blood or marriage to an officer or director of the Bank or any of its affiliates, or any shareholder owning more than 7.5 percent of the outstanding shares of the Bank or any of its affiliates, and who does not otherwise share a common financial interest with such officer, director, or shareholder;

(v) is not indebted, directly or indirectly, to the Bank or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding 5 percent of the Bank's total Tier 1 Capital and Allowance for Loan and Lease Losses ("ALLL");

(vi) has not received, or whose immediate family member has not received within the last three years, any direct or indirect payments or other direct or indirect compensation from the Bank or any of its affiliates (including affiliates of the Bank via a relationship through its insiders, as such term is defined in 12 C.F.R. § 215.2) for accounting, consulting, legal, investment banking, financial advisory, or other services (collectively, "Services") provided to the Bank or any of its affiliates. For purposes of this SECOND AMENDED ORDER, the term "immediate family member" includes a person's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and anyone (other than a domestic employee) who shares such person's home; and the term "indirect compensation for Services" includes the acceptance of a fee for such Services by a

director's immediate family member or by an organization in which the director is a partner or principal that provides Services to the Bank or any of its affiliates; or

(vii) is otherwise deemed to be an Independent Director for purposes of this SECOND AMENDED ORDER by the Regional Director and the Commissioner.

LOSS CHARGE-OFF

3. The Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the March 28, 2016 joint Report of Examination ("Report of Examination"). Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph or elsewhere, as applicable, in this SECOND AMENDED ORDER. Thereafter, within 10 days after the receipt of any subsequent report of examination of the Bank from the FDIC or the NJDOBI, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" that have not been previously collected or charged off.

REDUCTION OF CLASSIFIED LOANS AND OTHER REAL ESTATE OWNED

4. (a) Within 60 days from the effective date of this SECOND AMENDED ORDER, the Bank shall develop and submit a plan to reduce the Bank's risk position in each loan classified "Substandard" or "Doubtful" ("Adversely Classified Loan") in the Report of Examination and for each parcel of Other Real Estate Owned ("OREO") currently in the Bank's portfolio (the "Initial Classified Loan and OREO Plan") to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER. For purposes of this paragraph 4, "reduce" means to collect, charge-off,

or improve the quality of a loan so as to warrant its removal from adverse classification by the Regional Director and the Commissioner and to sell a parcel of OREO. The Classified Loan and OREO Plan must be designed to reduce the Adversely Classified Loans and OREO to no more than:

(i) 60 percent of the Bank's total capital (as defined in Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. Part 324) by no later than 180 days after the end of the quarter following the effective date of this SECOND AMENDED ORDER;

(ii) 40 percent of the Bank's total capital by no later than 270 days after the end of the quarter following the effective date of this SECOND AMENDED ORDER; and

(iii) 25 percent of the Bank's total capital by no later than 365 days after the end of the quarter following the effective date of this SECOND AMENDED ORDER.

Additionally, the Initial Classified Loan and OREO Plan must be designed to reduce the Bank's risk position with respect to loans listed for "Special Mention" in the Report of Examination by, at a minimum, addressing the deficiencies in the Report of Examination related to these loans.

(b) The Initial Classified Loan and OREO Plan shall include, at a minimum, the following:

(i) an analysis of each borrower classified "Substandard" or "Doubtful" in the Report of Examination that reflects the borrower's status in the Report of Examination and reviews, analyzes and documents the current financial condition of such delinquent or adversely classified borrower including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or

assigned collateral, and any possible actions to improve the Bank's collateral position ("Borrower Analysis");

(ii) a schedule, designed to ensure the Bank's compliance with reduction requirements established in paragraph 4(a) above, for reducing the outstanding dollar amount of each Adversely Classified Loan with timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each Adversely Classified Loan must show its dollar balance on a quarterly basis) ("Classified Loan Reduction Schedule");

(iii) specific action plans intended to reduce the Bank's risk exposure in each Adversely Classified Loan ("Loan Action Plans");

(iv) an action plan for the marketing and prompt sale of each parcel of OREO in the Bank's portfolio as of the effective date of this SECOND AMENDED ORDER which identifies the real estate broker listing the parcel, length of time listed, and sales price, and analyzes whether the marketing efforts of the real estate broker listing the parcel and the sales price of the parcel are satisfactory and appropriate ("OREO Action Plans");

(v) a schedule for reducing the number of OREO parcels in the Bank's portfolio designed to ensure the Bank's compliance with reduction requirements established in paragraph 4(a) above, which notes the date on which the parcel was added to the portfolio, the date on which it was assigned to a real estate broker for listing and the anticipated timeframe for selling each parcel ("OREO Reduction Schedule");

(vi) specific action plans to address the deficiencies identified in the Report of Examination with respect to loans listed for "Special Mention";

(vii) delineate areas of responsibility for loan officers; and

(viii) provide for the submission of monthly written progress reports to the Board for review and notation in the minutes of the Board meetings.

(c) Within 60 days of the Bank's receipt of any future report of examination, the Bank shall, in the event that Adversely Classified Loans reflected in the report of examination and OREO exceed 25 percent of the Bank's total capital, submit a revised plan to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER designed to promptly reduce Adversely Classified Loans and OREO (the "Revised Classified Loan and OREO Plan") to no more than 25 percent of the Bank's total capital. The Revised Classified Loan and OREO Plan shall also be designed to reduce the Bank's risk position with respect to loans listed for "Special Mention" in the report of examination by, at a minimum, addressing the deficiencies related to those loans noted in the report of examination. A Revised Classified Loan and OREO Plan shall, at a minimum, include:

(i) a Borrower Analysis of each borrower classified "Substandard" or "Doubtful" in the report of examination;

(ii) a Loan Action Plan for each Adversely Classified Loan in the report of examination;

(iii) a Classified Loan Reduction Schedule which includes each Adversely Classified Loan in the report of examination and is designed to ensure the Bank's compliance with the reduction requirements of this paragraph 4(c);

(iv) OREO Action Plans; and

(v) an OREO Reduction Schedule designed to ensure the Bank's compliance with reduction requirements established in this paragraph 4(c).

RESTRICTIONS ON ADDITIONAL ADVANCES

5. (a) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit is more than 90 days delinquent, has been charged off the books of the Bank or has been classified “Substandard,” “Doubtful,” “Loss” or is listed for “Special Mention” in the Report of Examination or any future report of examination, and is uncollected, unless the Board provides, in writing, a detailed explanation of why the extension is in the best interests of the Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board, who shall determine that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with a written explanation of why the failure to extend such additional credit would be detrimental;

(ii) the extension of such credit would improve the Bank’s position, with a written explanatory statement of how and why the Bank’s position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(b) The Board’s determinations and approval shall be recorded in the minutes of the Board meeting and copies shall be submitted to the Regional Director and the Commissioner at such times as the Bank submits the progress reports required by this SECOND AMENDED ORDER or sooner upon the written request of the Regional Director or the Commissioner.

CREDIT RISK MANAGEMENT AND ADMINISTRATION

6. Within 60 days from the effective date of this SECOND AMENDED ORDER, the Bank shall review the Bank's loan policies and procedures ("Loan Policy") for adequacy and shall, at a minimum, make all appropriate revisions to the Loan Policy necessary to satisfactorily address the loan underwriting and credit administration weaknesses identified in the Report of Examination. The revised Loan Policy shall be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

ALLOWANCE FOR LOAN AND LEASE LOSSES

7. (a) Within 60 days from the effective date of this SECOND AMENDED ORDER, the Bank shall revise and submit a comprehensive policy and methodology for determining the Bank's ALLL ("ALLL Policy") to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER. The ALLL Policy shall provide for a review of the ALLL at least once each calendar quarter by the Board at its first meeting following the end of a calendar quarter, but in no event later than the date on which the Bank's Consolidated Reports of Condition and Income ("Call Report") is due, in order that the results of the review conducted by the Board may be properly reported in the Call Report and that it may be timely filed. Such reviews shall, at a minimum, be made in accordance with:

(i) Financial Accounting Standards Board Accounting Standards Certification ("ASC") 310-40 and ASC 450;

(ii) the Federal Financial Institutions Examination Council's

(“FFIEC”) Instructions for the Call Report;

(iii) the *Interagency Policy Statement on the Allowance for Loan and Lease Losses* (FIL-105-2006, December 13, 2006) and the *Interagency Policy Statement on the Allowance for Loan and Lease Losses Methodologies and Documentation for Banks and Savings Institutions* (FIL-63-2001, July 25, 2001);

(iv) other applicable regulatory guidance that addresses the appropriateness of the Bank’s ALLL; and

(v) any analysis of the Bank’s ALLL provided by the FDIC and the Commissioner; and

(b) Such reviews shall include, at a minimum:

(i) the Bank’s loan loss experience;

(ii) an estimate of the potential loss exposure in the portfolio; and

(iii) trends of delinquent and non-accrual loans and prevailing and prospective economic conditions and qualitative factors.

(c) The minutes of the Board meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended adjustment in the ALLL. The Board shall document in the minutes the basis for any determination not to require provisions for loan losses in accordance with subparagraphs (a) and (b).

(d) A deficiency in the ALLL shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any capital determinations required by this SECOND AMENDED ORDER and prior to the Bank’s submission of its Call Report. The Bank shall thereafter maintain an appropriate ALLL.

(e) The analysis supporting the determination of the adequacy of the ALLL

shall be submitted to the Regional Director and the Commissioner at such times as the Bank files the progress reports required by this SECOND AMENDED ORDER or sooner upon the written request of the Regional Director or the Commissioner. In the event that the Regional Director and the Commissioner determines that the Bank's ALLL is inadequate, the Bank shall increase its ALLL and amend its Call Report(s) accordingly.

GROWTH RESTRICTION

8. The Bank shall not increase its total assets, as defined in the FFIEC's Instructions for Call Reports, by more than 5 percent during any calendar quarter and in no event, by more than 5 percent annually without submitting, at least 30 days prior to its proposed implementation, a growth plan ("Growth Plan") to the Regional Director and the Commissioner. The Growth Plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. The Growth Plan shall not be implemented without the prior written consent of the Regional Director and the Commissioner.

CAPITAL

9. The Board shall, in a manner acceptable to the Regional Director and the Commissioner, retain sufficient capital to meet and maintain a leverage ratio of at least 8 percent and maintain a total capital ratio of at least 12 percent (for purposes of this SECOND AMENDED ORDER, all terms relating to capital shall be defined and calculated in accordance with Part 324 of the FDIC's Rules and Regulations, 12 C.F.R. Part 324).

DIVIDEND AND OTHER PAYMENT RESTRICTIONS

10. The Bank shall not declare or pay any cash dividend, incur or pay management or consultant fees, pay any bonuses or otherwise increase compensation to any Senior Executive

Officers without the prior written consent of the Regional Director and the Commissioner.

LIQUIDITY AND FUNDS MANAGEMENT

11. Within 60 days from the effective date of this SECOND AMENDED ORDER, the Bank shall review and revise its liquidity and funds management policy to strengthen the Bank's funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs ("Liquidity and Funds Management Policy"). The revised Liquidity and Funds Management Policy shall, at a minimum, be designed to address weaknesses pertaining to liquidity stress testing and Contingency Funding Plan monitoring set forth in the Report of Examination. The revised Liquidity and Funds Management Policy shall also be designed to reduce the Bank's level of potentially volatile funding sources. Such sources are defined to include, at a minimum, borrowings, Internet listing-service deposits, uninsured deposits, and deposits that pay 75 basis points above the national average for similar deposits. The revised Liquidity and Funds Management Policy shall be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

STRATEGIC/PROFIT PLAN

12. (a) Within 90 days from the effective date of this SECOND AMENDED ORDER and then no later than November 30 of each calendar year thereafter, the Bank shall develop and submit a written strategic and profit plan ("Strategic/Profit Plan") designed to improve sustainable earnings and supported by a comprehensive operating budget addressing all categories of income and expenses with formal goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other

actions as required by this SECOND AMENDED ORDER to the Regional Director and the Commissioner for review and non-objection in accordance with Paragraph 17 of this SECOND AMENDED ORDER. The Strategic/Profit Plan shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components and shall, at a minimum, establish the means by which the Bank will improve its core earnings. For purposes of this SECOND AMENDED ORDER, "core earnings" shall mean earnings derived by recurring activities of the Bank and shall exclude any and all non-recurring earnings, including, but not limited to, those obtained in connection with prepayment fees associated with non-construction loans, application of default interest and gains on the sale of assets. While prepayment fees associated with construction loans may be included as a component of "core earnings" where derived by recurring activities of the Bank, the Bank shall separately list such fees in assessing its projected income.

(b) Within 30 days following the end of each calendar quarter following completion of the Strategic/Profit Plan required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the Strategic/Profit Plan, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board meeting at which such evaluation is undertaken.

AUDIT PROGRAM

13. (a) Within 30 days from the effective date of this SECOND AMENDED ORDER, the Board will establish an effective audit committee ("Audit Committee").

(i) The Audit Committee shall be composed of at least three Independent Directors who are not now, and have never been, involved in the daily operations of

the Bank, and whose composition is acceptable to the Regional Director and the Commissioner. If, after the effective date of this SECOND AMENDED ORDER, there is a proposed change to the composition of the Audit Committee, such proposed change will be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

(ii) Monthly reports of audit findings from the auditors shall be provided directly to the Audit Committee. The minutes of the Audit Committee shall reflect consideration of these reports and describe any discussion or action taken as a result thereof.

(iii) The Audit Committee shall, at a minimum, ensure the following:

(A) development of an internal and external audit program (“Audit Program”) by the Bank that appropriately establish procedures to protect the integrity of the Bank’s operational and accounting systems as required in subparagraph (b) below;

(B) development of internal and external audit schedules by the Bank to ensure that the integrity of the Bank’s operational and accounting systems is protected and that at a minimum comply with the regulatory guidance identified in subparagraph (b) below and completion of scheduled audits in a timely manner; and

(C) development of procedures by the Bank designed to ensure that internal and external audit reports are promptly reviewed and that all findings are addressed in a timely manner.

(iv) Within 30 days of appointment and at monthly intervals thereafter, the Audit Committee will prepare and present to the Board a written report detailing the form, content, and manner of any audit-related actions, including, but not limited to, the receipt of any

audit reports, copies of which shall be provided with the Audit Committee's report, and the results thereof, and any recommendations with respect to any audit reports or findings or the Bank's audit function. Such progress reports must be included in the Board meeting minutes and any discussion relating to the report shall be noted in the minutes of the Board meeting. The establishment of this Audit Committee shall not diminish the responsibility or liability of the entire Board to ensure that the Bank has a satisfactory Audit Program.

(b) Within 60 days from the effective date of this SECOND AMENDED ORDER, the Bank shall develop an Audit Program that establishes procedures to protect the integrity of the Bank's operational and accounting systems. At a minimum the Audit Program shall:

(i) comply with the *Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations* (FIL-96-99, October 25, 1999) and the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing* (FIL-21-2003, March 17, 2003);

(ii) provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records;

(iii) establish and comply with internal and external audit schedules designed to ensure that the integrity of the Bank's operational and accounting systems is satisfactorily protected and that at a minimum comply with the regulatory guidance identified in subparagraph (i) above; and

(iv) establish procedures to promptly review and address all audit reports and findings.

(c) The Bank shall provide the Regional Director and the Commissioner with a copy of all external audit reports, management letters, and qualifications within 15 days of the Bank's receipt of such report(s). The Board shall address all findings of the external audit reports at its next regular meeting after receipt of the reports. Any action or inaction taken as a result of addressing the reports shall be noted in the minutes of the Board meeting with each individual member's vote recorded.

(d) The Audit Program shall be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER.

CALL REPORTS

14. Within 30 days from the effective date of this SECOND AMENDED ORDER, the Bank shall review its Call Reports filed with the FDIC on or after December 31, 2015, and amend said reports if necessary to accurately reflect the financial condition of the Bank as of the date of each such report. In particular, such reports shall contain an appropriate ALLL and shall incorporate any adjustment in the Bank's books made necessary or appropriate as a consequence of any FDIC or NJDOBI examination of the Bank during the reporting period. Call Reports filed after the effective date of this SECOND AMENDED ORDER shall also accurately reflect the financial condition of the Bank as of the reporting date.

CORRECTION OF VIOLATIONS

15. The Board shall ensure that the Bank takes all steps necessary, consistent with other provisions of this SECOND AMENDED ORDER and safe and sound banking practices, to eliminate or correct and prevent unsafe or unsound banking practices, violations of law or regulation, and all contraventions of regulatory policies or guidelines cited in the Report of Examination and any future reports of examination.

COMPLIANCE COMMITTEE

16. Within 15 days from the effective date of this SECOND AMENDED ORDER, the Board's compliance committee ("Compliance Committee") shall have in place a program that will provide for monitoring of the Bank's compliance with this SECOND AMENDED ORDER. This program must, at a minimum, monitor the actions to be taken by the Bank in connection with this SECOND AMENDED ORDER and their timeliness, and be designed to ensure full and complete compliance with this SECOND AMENDED ORDER in a timely manner. The Board's Compliance Committee shall be composed of at least three Independent Directors who are not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Regional Director and the Commissioner. If, after the effective date of this SECOND AMENDED ORDER, there is a proposed change to the composition of the Compliance Committee, such proposed change will be submitted to the Regional Director and the Commissioner for review and non-objection in accordance with paragraph 17 of this SECOND AMENDED ORDER. Within 30 days of appointment and at monthly intervals thereafter, the Compliance Committee shall prepare and present to the Board a written report of its findings, detailing the form, content, and manner of any action taken to

ensure compliance with this SECOND AMENDED ORDER and the results thereof, and any recommendations with respect to such compliance. Such progress reports must be included in the Board meeting minutes and any discussion relating to the report or this SECOND AMENDED ORDER shall be noted in the minutes of the Board meeting. The establishment of this committee shall not diminish the responsibility or liability of the entire Board to ensure compliance with the provisions of this SECOND AMENDED ORDER.

NON-OBJECTION AND IMPLEMENTATION

17. (a) When a provision of this SECOND AMENDED ORDER requires the Board to submit proposed plans or policies, proposed revisions or additions to a plan or policy, or any other matter to the Regional Director or the Commissioner for review, comment or non-objection, the Board will make such submission to the Regional Director at Federal Deposit Insurance Corporation, 350 Fifth Avenue, Suite 1200, New York, New York 10118, and to the Commissioner at 20 West State Street, P.O. Box 040, Trenton, New Jersey 08625. Within 30 days of receipt of comments from the Regional Director or the Commissioner, the Board will make such modifications as may be necessary to respond to such comments and resubmit the proposed plans or policies, proposed revisions or additions to a plan or policy, or other matter to the Regional Director and the Commissioner for their review, comment or non-objection. If the Bank fails to make such modifications, or otherwise fails to address the comments of either the Regional Director or the Commissioner within such 30 day period, the Board will provide a comprehensive written explanation of its rationale to the Regional Director and the Commissioner.

(b) For proposed plans or policies, proposed revisions or additions to a plan or policy, or other matters receiving the approval or non-objection of the Regional Director and the

Commissioner, the Board will, at its next regularly scheduled meeting, adopt the proposed plan or policy, proposed revision or addition to a plan or policy, or other matter for which it received approval or non-objection. These actions should be appropriately reflected in the Board minutes. Thereafter, the Board and its directors, Senior Executive Officers and Bank staff shall fully implement and follow the plan, policy or other matter as adopted and shall enforce full and complete compliance with these plans, policies or other matters. It will remain the responsibility of the Board to ensure full implementation of the plans, policies or other matters as adopted within the specified time frames. In the event these plans, policies or other matters as adopted by the Board, or any portion thereof, are not fully implemented, the Board shall immediately advise the Regional Director and the Commissioner in writing of the specific reasons for the deviation or delay.

PROGRESS REPORTS

18. Within 30 days after the end of each calendar quarter following the effective date of this SECOND AMENDED ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports detailing the form and manner of any actions taken to secure compliance with this SECOND AMENDED ORDER and the results thereof. Any and all deviations from timelines or deliverables established by plans submitted to the Regional Director and the Commissioner and not objected to in accordance with paragraph 17 of this SECOND AMENDED ORDER shall be noted in the Progress Report with an explanation for the failure to meet the relevant timeline or provide the relevant deliverable. Such reports may be discontinued when the corrections required by this SECOND AMENDED ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further reports.

SHAREHOLDERS

19. Following the effective date of this SECOND AMENDED ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this SECOND AMENDED ORDER, in conjunction with the Bank's next shareholder communication and in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe this SECOND AMENDED ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Risk Management Supervision, Accounting-Registration, Disclosure and Securities Section, 550 17th Street, N.W., Washington, D.C. 20429 for non-objection or comment at least 30 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

OTHER ACTIONS

20. The provisions of this SECOND AMENDED ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This SECOND AMENDED ORDER shall be effective on the date of issuance.

The provisions of this SECOND AMENDED ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this SECOND AMENDED ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority.

Dated: December 19, 2016

By:

/s/ _____
John F. Vogel
Regional Director
New York Region
Federal Deposit Insurance Corporation