

AGREEMENT BY AND BETWEEN
Grand Bank, National Association
Hamilton, NJ
and
The Comptroller of the Currency

Grand Bank, National Association, Hamilton, NJ (“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 deterioration in the bank’s overall financial condition as a result of a high level of problem assets; weak credit administration and liquidity risk management practices; a deficient Allowance for Loan & Lease Losses; and inadequate controls over mortgage banking operations.

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 while this agreement is in effect 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. § 5.51(c)(6)(ii). 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 be designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6), unless otherwise informed in writing by the Comptroller. In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

(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:

Kristin A. Kiefer
Assistant Deputy Comptroller
New York Metro Field Office
343 Thornall Street, Suite 610
Edison, NJ 08837

ARTICLE II

CRITICIZED ASSETS

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

(2) Within ninety (90) days, 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 Report of Examination, or by any internal or external loan review, or in any list provided to management by the National 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 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 timeframe for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding five hundred thousand dollars (\$500,000) shall be forwarded to the Assistant Deputy Comptroller.

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

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

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds five hundred thousand dollars (\$500,000);
- (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 each review shall be forwarded to the Assistant Deputy Comptroller on a monthly basis (in a format similar to Appendix A, attached hereto).

(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 Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed five hundred thousand dollars (\$500,000) only if each of the following conditions is met:

- (a) the Board or 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.

ARTICLE III

RISK RATING TIMELINESS

- (1) Within ninety (90) days, the Board shall:

- (a) ensure the Bank's adherence to systems which provide for effective monitoring of early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions; and
 - (b) develop a plan that will ensure that seventy five percent (75%) of the Bank's entire commercial loans in terms of dollar size greater than five hundred thousand (\$500,000) are reviewed and risk-rated with documented support for each rating assigned.
- (2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE IV

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within sixty (60) days, 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 that complies with OCC Bulletin 2006-47, Interagency Policy Statement on the Allowance for Loan and Lease Losses, and shall focus particular attention on the following factors:

- (a) results of the Bank's internal loan review performed by account officers;
- (b) results of the Bank's external loan review;
- (c) an estimate of loss exposure on each credit deemed impaired in accordance with FAS 114 requirements;

- (d) historical loan loss experience that complies with FAS 5 requirements, including pools established for loans rated special mention and substandard;
- (e) trends of delinquent and nonaccrual loans;
- (f) concentrations of credit in the Bank;
- (g) present and prospective economic conditions.

(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) A copy of the Board's program 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.

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

ARTICLE V

CONCENTRATIONS RISK MANAGEMENT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written asset diversification program consistent with OCC Bulletin 2006-46: Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices. The program shall include, but not necessarily be limited to, the following:

- (a) a review of the balance sheet to identify concentrations of credit;
- (b) a written analysis of any concentration of credit identified above in order to identify and assess the inherent credit, liquidity, and interest rate risk;
- (c) policies and procedures to control and monitor concentrations of credit;
- and
- (d) an action plan approved by the Board to reduce the risk of any concentration deemed imprudent in the above analysis.

(2) For purposes of this Article, a concentration of credit is defined in OCC Bulletin 2006-46.

(3) The Board shall ensure that future concentrations of credit are subjected to the analysis required by subparagraph (b) and that the analysis demonstrate that the concentration will not subject the Bank to undue credit or interest rate risk.

(4) The Board shall forward a copy of any analysis performed on existing or potential concentrations of credit to the Assistant Deputy Comptroller immediately following the review.

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

ARTICLE VI

GLOBAL FINANCIAL ANALYSIS

- (1) Within ninety (90) days, the Board shall:
 - (a) ensure that the Bank has a plan in place to effectively assess the paying capacity of its Commercial Real Estate borrowers, particularly those whose relationships exceed five hundred thousand (\$500,000);
 - (b) ensure that management is effectively performing global cash flow analysis for all borrowers whose sponsors and/or guarantors are involved with multiple projects or businesses;
 - (c) ensure that management is effectively stress testing for individual Commercial Real Estate loans as well as for the portfolio; and
 - (d) ensure that timely and up-to-date financial information on sponsors and/or guarantors are obtained that includes all related direct and indirect debt to allow for accurate analysis.
- (2) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the policy developed pursuant to this Article.

ARTICLE VII

LIQUIDITY RISK MANAGEMENT

- (1) Within ninety (90) days, the Board shall:

- (a) ensure that management develops comprehensive liquidity reports that accurately and effectively identify, measure, and monitor the Bank's liquidity position;
- (b) ensure that the plan includes important factors detailed in an extensive Contingency Funding Plan, such as:
 - (i) steps that will be taken to effectively manage a liquidity shortfall or crisis;
 - (ii) the number of stock options available for exercise by the Board or other potential sources of capital;
 - (iii) scenarios if sources of funds, such as brokered deposits or bank lines, are no longer available;
 - (iv) escalating funding needs and management's approach thereto;
 - (v) providing a detailed and forward looking sources and uses statement that clearly outlines primary and secondary sources of funds;
 - (vi) analyzing the continuing availability and volatility of present funding sources.

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

ARTICLE VIII

MORTGAGE LENDING PROGRAM

(1) Within ninety (90) days, the Board shall develop, implement, and thereafter adhere to a written program to improve the Bank's administration of its mortgage banking operation. The program shall include, but not be limited to:

- (a) credit quality criteria and limitations upon the amount of real estate loans that will be transferred to the Bank's permanent portfolio;
- (b) prohibition against the transfer of criticized or classified real estate loans from the Bank's mortgage subsidiary's portfolio to the Bank's permanent portfolio;
- (c) credit quality criteria and procedures to ensure that loans are granted and maintained in accordance with the Bank's written lending policy as it pertains to the mortgage banking operation and sound lending standards;
- (d) a requirement that any loans containing exceptions to the Bank's written lending policy, as it pertains to the mortgage banking operation, be approved by the Board prior to being granted, extended, renewed, altered or restructured;
- (e) a system to track and evaluate any loans approved by the Board that contain policy exceptions;
- (f) procedures to monitor the aging of the Bank's mortgage subsidiary's portfolio and compliance with policy guidelines.

(g) a formalized reporting mechanism on at least a quarterly basis to the Board of Directors summarizing the risk in the Mortgage Banking Business.

(2) Upon completion, the Board shall submit a copy of the program to the Assistant Deputy Comptroller for review.

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

(4) Within thirty (30) days of the end of each quarter, the Board shall review and document the Bank's compliance with Financial Accounting Standards Board Statement of Accounting Standard No. 65, requiring loans held for resale to be marked to the lower of cost or market. The documentation must include supporting information for the assumptions used in the methodology. Any adjustments which may be necessary as a result of the Board's review shall be made prior to filing the quarterly Consolidated Reports of Condition and Income.

ARTICLE IX

CAPITAL PLAN

(1) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a three-year capital program. The program shall include:

(a) specific plans for the maintenance of adequate capital pursuant to the requirements under Part 3 and to remain well-capitalized pursuant to Part 6;

- (b) projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's current and future needs;
- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital program;
 - (ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (iii) after the dividend policy has been submitted to the Assistant Deputy Comptroller for prior 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 dividend policy.

(2) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior 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 capital program. The Board shall review and update the Bank's capital program on an annual basis or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

ARTICLE X

BROKERED DEPOSITS

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written plan to reduce the level of brokered deposits to a level that shall not exceed a maximum of ten percent (10%), as measured by total brokered deposits to total deposits.

(2) Effective immediately, the Bank shall not exceed its May 31, 2009 level of brokered deposits, as measured by total brokered deposits to total deposits.

(3) “Brokered deposit” shall have the meaning set forth in 12 C.F.R. § 337.6(a)(2). The limitations of paragraph (1) and (2) shall include the acquisition of brokered deposits through any transfer, purchase, or sale of assets, including Federal funds transactions, but does not include brokered deposits funding mortgage banking assets held for sale.

(4) Upon adoption, a copy of the plan for Brokered Deposits shall be forwarded to the Assistant Deputy Comptroller.

(5) If the Bank seeks to acquire brokered deposits exceeding the limitation in paragraphs (1) and (2), the Board shall apply to the Assistant Deputy Comptroller for written permission. Such application shall contain, at a minimum, the following:

- (a) the dollar volume, maturities, and cost of the brokered deposits to be acquired;
- (b) the proposed use of the brokered deposits, e.g., short-term liquidity or restructuring of liabilities to reduce cost;
- (c) alternative funding sources available to the Bank;

- (d) the reasons why the Bank believes that the acceptance of the brokered deposits does not constitute an unsafe and unsound practice in its particular circumstances;
- (e) The Assistant Deputy Comptroller may require the submission of such additional information as necessary to make an informed decision. Upon consideration of the Bank's application, the Assistant Deputy Comptroller will determine whether the proposed acquisition of brokered deposits may be accomplished in a safe and sound manner and may condition the Bank's acquisition as the Assistant Deputy Comptroller shall deem appropriate.
- (f) Nothing in this article shall relieve the Bank of its obligation under 12 U.S.C. § 1831f to seek necessary approvals from the Federal Deposit Insurance Corporation before accepting Brokered Deposits and to comply with all the requirements of 12 U.S.C. § 1831f.

ARTICLE XI

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 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.

Signed

Kristin A. Kiefer
Assistant Deputy Comptroller
New York Metro - West Field Office

8/4/09

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.

Signed	8/4/09
_____ Theodore H. Dolce, Jr.	_____ Date
Signed	8/4/09
_____ Dr. Paul M. Fischer	_____ Date
Signed	8/4/09
_____ Thomas L. Gray, Jr.	_____ Date
Signed	8/4/09
_____ Peter L. A. Pantages	_____ Date
Signed	8/4/09
_____ Richard P. Rosa	_____ Date
Signed	8/4/09
_____ Mark Wolters	_____ Date
Signed	8/4/09
_____ James R. McCagg II	_____ Date
Signed	8/4/09
_____ Michael W. Licamele	_____ Date
_____	_____