

SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 15th day of October, 2004 (Effective Date), by and between Golden Prague Federal Savings and Loan Association, Baltimore, Maryland, OTS Docket No. 6660 (Golden Prague or Association), a federally chartered mutual savings association, and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting through its Southeast Regional Director or his designee (Regional Director).

WHEREAS, the OTS is the primary federal regulator of the Association;

WHEREAS, based upon the Association's March 23, 2004 Report of Examination (2004 Examination), the OTS is of the opinion that the Association has engaged in acts and practices that: (i) have resulted in violations of certain of the laws or regulations to which the Association is subject; and/or (ii) are considered to be unsafe and unsound;

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of an administrative proceeding against the Association;

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices; and

WHEREAS, the Association, acting through its Board of Directors (Board), without admitting or denying that such grounds exist except those as to jurisdiction, which are admitted, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations, and (ii) engage in safe and sound practices.

NOW THEREFORE, in consideration of the above premises and the mutual undertakings set forth herein, the parties hereto agree as follows:

Compliance With Laws and Regulations.

1. The Association, its Directors, officers, employees, agents, and subordinate organizations shall take all necessary and appropriate actions to comply with the following laws and regulations:

- a. sections 11(i), 22(g) and 22(h) of the Federal Reserve Act, 12 U.S.C. §§ 248(i), 375a, and 375b, and the regulations set forth in 12 C.F.R. Part 215 (Regulation O) and 12 C.F.R. § 563.43;
- b. the Currency and Foreign Transactions Reporting Act, as amended by the USA Patriot Act and other laws (the Bank Secrecy Act or BSA), 31 U.S.C. §§ 5311 et seq., and the related BSA regulations issued by the U. S. Department of the Treasury, 31 C.F.R. §§ 103.11 et seq., and the OTS, 12 C.F.R. § 563.177

(collectively with the aforementioned laws and regulations, the BSA Laws and Regulations);

- c. the Flood Disaster Protection Act, 42 U.S.C. § 4001 et seq. (FDPA) and the regulations issued by the OTS at 12 C.F.R. § 572;
- d. the Truth in Lending Act, 15 U.S.C. § 1601 et seq. (TILA), and the TILA regulations issued by the Federal Reserve Board at 12 C.F.R. Part 226;
- e. the Real Estate Settlement Procedures Act, 12 U.S.C. § 2601 et seq. (RESPA), and the regulations set forth at 24 C.F.R. Part 3500;
- f. the Home Mortgage Disclosure Act, 12 U.S.C. § 2801 et seq. (HMDA), and the regulations set forth at 12 C.F.R. Part 203; and
- g. the OTS regulations regarding appraisals set forth in 12 C.F.R. § 564.3.

Lending Activities.

2. The Association may originate mortgage loans secured by 1-4 family dwellings and loans secured by savings accounts. Effective immediately, any proposed loan of \$50,000 or greater, other than mortgage loans secured by 1-4 family dwellings and loans secured by savings accounts, shall be reviewed by the full Board and approved by a majority of the Board members prior to the Association entering into a legally binding loan commitment. This provision shall apply to all loans of any type, except the above-identified mortgage loans and loans secured by savings accounts, and it further includes the making of new loans to current or future borrowers, as well as modifications of existing loans to current borrowers that would result in an extension of additional funds. The Board minutes shall detail the Board's review and discussion of each such loan and the vote of each Board member.

3. Within forty-five (45) days after the Effective Date of this Agreement, the Board shall review and revise the Association's loan underwriting policies and procedures for each type of loan made or purchased by the Association (Loan Policy). The revised Loan Policy shall include procedures for underwriting and making of all types of loans, including commercial loans and investments in equipment leases, as well as the procedures mandated at Paragraph 2 above. The revised Loan Policy also shall (i) establish aggregate dollar limitations for each loan type; (ii) define "non-homogeneous loans" as, at a minimum, including but not limited to commercial real estate loans, commercial loans, land acquisition loans, and construction loans; (iii) require Management to comply with specifically determined minimum requirements for annually obtaining and reviewing current financial statements of borrowers with non-homogeneous loans; and (iv) require Management to maintain in the appropriate loan file written documentation of its annual review and analysis of the current financial statements of borrowers with non-homogeneous loans. The Board shall be responsible for ensuring Management's compliance

with the Association's Loan Policy and shall require such reports from Management as are necessary for the Board to fulfill this responsibility.

4. Without the prior written approval of the Regional Director, the Association shall make no additional investment in the Perlman Place project. The Association shall use its best efforts to conclude its involvement with this project as soon as reasonably possible.

Internal Controls.

5. The Board shall require Management to accurately reconcile Golden Prague's bank accounts at least monthly. Unreconciled amounts shall be fully investigated and documented to support the action taken to resolve the discrepancy or address the unreconciled amount. Management shall ensure that all bank account reconciliations are reviewed on at least a semi-annual basis by either the Association's internal or external auditor, or other independent third party. Management shall prepare a quarterly report for the Board's review identifying and detailing the status of all amounts that remain outstanding and unreconciled for greater than forty-five (45) days following the respective bank statement cut-off date (Reconciliation Report). The Reconciliation Report also shall include information regarding any bank reconciliation amounts charged off. The Board shall review the Reconciliation Report at the first regularly scheduled Board meeting following the end of each calendar quarter. The Board's review and discussion of the Reconciliation Report, as well as any required corrective action, shall be fully documented in the Board's meeting minutes.

Appraisals.

6. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and revise the Association's Appraisal Policy to ensure that it complies with the requirements set forth in 12 C.F.R. Part 564. The Appraisal Policy shall specifically address the deficiencies noted in the Association's 2004 Examination. The Board shall require Management to comply with the revised Appraisal Policy and the requirements set forth in 12 C.F.R. Part 564.

Association Owned Life Insurance.

7. Within sixty (60) days after the Effective Date of this Agreement, the Board shall draft and adopt a policy governing the Association's investment in Association Owned Life Insurance. The Association shall not purchase any new life insurance policies on its executives or modify its existing policies to increase the coverage level existing as of the Effective Date of this Agreement.

Operations.

8. The Association shall continue its efforts to reduce operating expenses, decrease its cost of funds, limit its interest rate risk exposure and improve its core earnings and net income.

Insider Transactions.

9. Within sixty (60) days after the Effective Date of this Agreement, the Board shall ensure that specific policies and procedures governing transactions with Directors, officers, principal shareholders and their related interests (collectively, Insiders) have been drafted, adopted and implemented to ensure the Bank fully complies with the requirements set forth in Regulation O, 12 C.F.R. Part 215, and 12 C.F.R. § 563.43 (Conflict Policy). The Conflict Policy adopted by the Board also shall include a comprehensive Conflict of Interest and Ethics policy that is consistent with 12 C.F.R. § 563.200 and the guidance contained in Section 310 of the Thrift Activities Handbook (TAH).

Compliance Program.

10. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review the December 19, 2002 Chief Executive Officer Letter from OTS Managing Director Scott Albinson regarding the revised Compliance Self Assessment Guide (CEO Letter 171) to develop a written compliance management program to comply with the requirements of CEO Letter 171 and all applicable consumer compliance laws and regulations (Compliance Program). The Board shall designate a member of senior Management as the Association's Compliance Officer who shall be responsible for monitoring and ensuring the Association's adherence to its Compliance Program. A report detailing the results of the Compliance Officer's reviews of adherence to the Compliance Program shall be prepared by Management at least quarterly (Compliance Program Report). The quarterly Compliance Program Report shall be provided to the Board at the first regularly scheduled Board meeting following the end of each calendar quarter. The Board's review and discussion of the Compliance Program Report, as well as any required corrective action, shall be fully documented in the appropriate Board meeting minutes.

Bank Secrecy Act and Anti-Money Laundering.

11. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Association's policies and procedures regarding compliance with the BSA Laws and Regulations (BSA Policy). The revised BSA Policy shall specifically address the deficiencies noted in the Association's 2004 Examination by:

- a. establishing procedures to ensure the Association accurately completes and timely files all Currency Transaction Reports (CTRs) with the appropriate agencies;
- b. requiring the Association to fully and timely respond to agency requests or instructions regarding filed CTRs;
- c. providing for independent testing of the Association's BSA compliance at least annually with the testing to be completed no later than ninety (90) days after each fiscal year end;

- d. providing for Association personnel to receive comprehensive training on BSA requirements at least annually;
- e. requiring documentation to be maintained of all BSA training attended by Association employees;
- f. designating a member of Management who shall be responsible for the Association's day to day compliance with the BSA Laws and Regulations;
- g. including specific policies and procedures to ensure that transactions structured to evade or circumvent the BSA's requirements are detected and that a Suspicious Activity Report is filed, as required by Section 563.180(d); and
- h. providing for a system of internal controls, including regular reports to Management and the Board, to ensure the Association's ongoing compliance with its BSA Policy and the BSA Laws and Regulations.

The Association shall maintain such records as are necessary to document compliance with this provision.

Flood Disaster Protection.

12. Within thirty (30) days after the Effective Date of this Agreement, the Board shall review and amend the Association's FDPA policies and procedures (FDPA Policy) to ensure the Association complies with the FDPA and the OTS regulations at 12 C.F.R. § Part 572 (collectively, the FDPA Laws). The FDPA Policy shall establish a system to ensure that appropriate flood insurance is obtained and maintained on property securing a loan from the Association, whether originated by the Association or purchased in whole or in part from another, and that all flood determinations and notices are accurately and timely completed and made. The FDPA Policy shall designate a member of Management who shall be responsible for ensuring that the Association complies with the FDPA Laws, that all notices required by the FDPA Laws are provided, and that adequate and appropriate flood insurance coverage is maintained on all applicable loans (FDPA Officer). The Association also shall ensure that all purchased loans or loans in which the Association is a participant comply with the FDPA Laws. Management shall prepare and provide to the Board a quarterly report listing all loans, including purchased loans and loan participations, subject to the FDPA Laws, the disclosures and notices provided, and the amount of insurance coverage obtained (FDPA Report). The Board shall review the quarterly FDPA Report at the first regularly scheduled Board meeting following the end of each calendar quarter and the Board shall take such action as is necessary and appropriate to correct any deficiencies or weaknesses. The Board's review and discussion of each FDPA Report, including any corrective actions taken, shall be fully documented in the appropriate Board meeting minutes.

Truth in Lending Act.

13. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Association's policies and procedures governing compliance with the TILA and Regulation Z, 12 C.F.R. Part 226 (TILA Policy). The TILA Policy shall establish procedures sufficient to ensure that the Association complies with the TILA and 12 C.F.R. Part 226. The TILA Policy shall designate an individual who shall be responsible for ensuring the Association's day-to-day compliance with the TILA Policy, the TILA and Regulation Z (TILA Officer). The TILA Officer may be an Association employee or member of Management, or a third party agent retained by the Board. The TILA Policy shall, at a minimum, contain such policies and procedures as are necessary to ensure the accurate and timely provision of all required notices and disclosures to consumers. A report detailing the results of Management's review of the Association's adherence to the TILA Policy shall be prepared by Management at least quarterly (TILA Report). The quarterly TILA Report shall be provided to the Board at the first regularly scheduled Board meeting following the end of each calendar quarter and the Board shall take such action as is necessary and appropriate to correct any deficiencies or weaknesses. The Board's review and discussion of each TILA Report, including any corrective actions taken, shall be fully documented in the appropriate Board meeting minutes.

Real Estate Settlement Procedures Act.

14. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Association's RESPA policies and procedures (RESPA Policy) to ensure that the Association complies with RESPA and 24 C.F.R. Part 3500. The RESPA Policy shall, at a minimum, contain such policies and procedures as are necessary to ensure the Association's compliance with RESPA and 24 C.F.R. Part 3500. The RESPA Policy shall designate an individual who shall be responsible for ensuring the Association's day-to-day compliance with the RESPA Policy, RESPA, and 24 C.F.R. Part 3500 (RESPA Officer). The RESPA Officer may be a member of Management or a third party agent retained by the Board. A report detailing the results of Management's review of the Association's adherence to the RESPA Policy shall be prepared by Management at least quarterly (RESPA Report). The quarterly RESPA Report shall be provided to the Board at the first regularly scheduled Board meeting following the end of each calendar quarter and the Board shall take such action as is necessary and appropriate to correct any deficiencies or weaknesses. The Board's review and discussion of each RESPA Report, including any corrective actions taken, shall be fully documented in the appropriate Board meeting minutes.

Home Mortgage Disclosure Act.

15. Within thirty (30) days after the Effective Date of this Agreement, the Board will have documentation evidencing the correction of all loan application register (LAR) errors identified in the Association's 2004 Examination and shall provide such documentation to the Regional Director within forty (40) days after the Effective Date of this Agreement. Within sixty (60) days after the Effective Date of this Agreement, the Board shall have documentation evidencing

that the Board and Management have corrected or addressed all other HMDA and LAR-related items of concern noted in the Association's 2004 Examination and shall provide such documentation to the Regional Director within seventy (70) days after the Effective Date of this Agreement.

16. Within sixty (60) days after the Effective Date of this Agreement, the Board shall review and amend the Association's HMDA policies and procedures (HMDA Policy) to ensure that the Association complies with the HMDA and Regulation C, 12 C.F.R. Part 203. The HMDA Policy shall, at a minimum, contain such policies and procedures as are necessary to ensure the Association's compliance with HMDA and Regulation C. The HMDA Policy shall designate an individual who shall be responsible for ensuring the accurate collection and recordation of all data and information required to be collected and maintained by the HMDA and Section 203.4 of Regulation C on the Association's LAR (HMDA Officer). The HMDA Officer may be an Association employee or member of Management, or a third party agent retained by the Board. A report detailing the results of Management's review of the Association's LAR to determine compliance with the HMDA, Regulation C and the Association's HMDA Policy shall be prepared by Management at least quarterly (HMDA Report). The quarterly HMDA Report shall be provided to the Board at the first regularly scheduled Board meeting following the end of each calendar quarter and the Board shall take such action as is necessary and appropriate to correct any deficiencies or weaknesses. The Board's review and discussion of each HMDA Report, including any corrective actions taken, shall be fully documented in the appropriate Board meeting minutes.

Director Responsibility.

17. Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual Director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Association at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

Compliance with Agreement.

18. All policies, procedures, corrective actions, plans, programs, reviews and systems required by this Agreement (collectively, Policies and Procedures) shall conform to all applicable statutes, regulations, OTS policy and guidance. The Board shall submit copies of all Policies and Procedures required by this Agreement to the Regional Director within the timeframes specified or, in the event a timeframe is not specified, within thirty (30) days after adoption by the Board. The Board shall revise such Policies and Procedures as required by the Regional Director within thirty (30) days of receipt of written direction from the Regional Director. The Policies and Procedures, as modified consistent with the written direction of the Regional Director, shall be incorporated into this Agreement and any deviation from such Policies and Procedures shall be a violation of this Agreement.

19. The Board shall require Management to correct all deficiencies identified in the Bank's 2004 Examination, as directed therein, except where such direction is modified or changed by the terms of this Agreement. Further, the Board and Management of the Bank shall take immediate action to cause the Bank to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Agreement.

20. The Board shall, on a quarterly basis beginning with the calendar quarter ending December 31, 2004, adopt a board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including a report from Management regarding the Bank's compliance with each numbered paragraph of this Agreement), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Bank has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall:

- a. specify in detail how, if at all, full compliance was found not to exist; and
- b. identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.

21. The minutes of each meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution:

- a. the identity of each Director voting in favor of its adoption; and
- b. the identity of each Director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such Director's reasoning for opposing or abstaining.

22. Within thirty (30) calendar days after the end of each calendar quarter, beginning with the calendar quarter ending September 30, 2004, the Board shall provide to the Regional Director a certified true copy of the Compliance Resolution[s] adopted at the Board meeting pursuant to Paragraph 20 of this Agreement. The Board, by virtue of the Bank's submission of a certified true copy of such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except that in the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the Board meeting minutes.

23. The Board shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Agreement, including making Bank records and documents available for OTS examiner review upon request.

Definitions.

24. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, Federal Deposit Insurance Act (FDIA) or OTS Memoranda. Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

Successor Statutes, Regulations, Guidance, Amendments.

25. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

Notices.

26. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:

- a. the OTS by the Association, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, Georgia, 30309, or telecopied to 404.897.1861 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address; or
- b. the Association by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Association at 2921 McElderry St., Baltimore, Maryland 21205, or telecopied to 410.276.0826 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

Duration, Termination or Suspension of Agreement.

27. This Agreement shall:

- a. become effective upon its execution by the OTS, through its authorized representative whose signature appears below; and

- b. remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).

28. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

Time Limits.

29. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

Effect of Headings.

30. The Section headings herein are for convenience only and shall not affect the construction hereof.

Separability Clause.

31. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his sole discretion determines otherwise.

No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted

32. Nothing in this Agreement shall be construed as:
- a. allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject; or
 - b. restricting the OTS from taking such action(s) as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

Successors in Interest/Benefit.

33. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

Signature of Directors.

34. Each Director signing the Agreement attests, by such act, that she or he voted in favor of a Board resolution authorizing the execution of this Agreement by the Association.

Integration Clause.

35. This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. However, as noted herein, all Policies and Procedures required by this Agreement shall, upon modification consistent with the direction of the Regional Director, become part of this Agreement and any deviation from these policies shall be deemed a violation of this Agreement.

Enforceability of Agreement.

36. The Association represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. The Association acknowledges that this Agreement, is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

Counterparts.

37. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

[This Space Intentionally Left Blank]

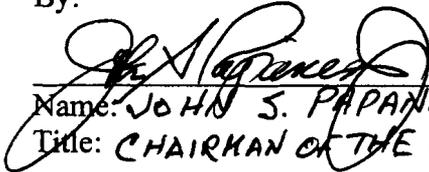
IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Association, in accordance with a duly adopted resolution of its Board, hereby execute this Agreement as of the Effective Date.

THE ASSOCIATION

OFFICE OF THRIFT SUPERVISION

By:

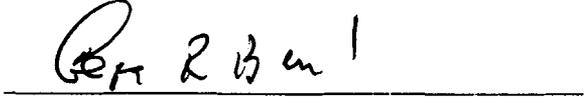
By:

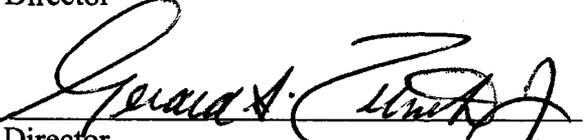

Name: JOHN S. PAPANIA, JR.
Title: CHAIRMAN OF THE BOARD

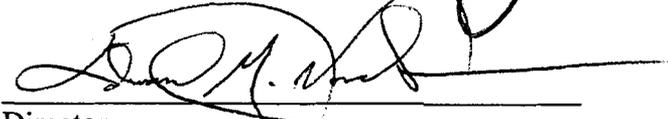

John E. Ryan
Regional Director


Director


Director


Director


Director


Director


Director