

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of)	
)	Re: OTS Order No. NE93-25
SCHWARTZ, TOBIA & STANZIALE,)	
and)	Date: July 7, 1993
JOSEPH M. CAMPISANO,)	
)	
attorneys for)	
FAMILY FIRST FEDERAL SAVINGS)	
BANK, Clifton, New Jersey)	
_____)	

STIPULATION AND CONSENT

This Stipulation and Consent is made by and among SCHWARTZ, TOBIA & STANZIALE, a New Jersey law firm organized as professional association maintaining its offices in Montclair, New Jersey, which has served as counsel for FAMILY FIRST FEDERAL SAVINGS BANK ("FAMILY FIRST"), Clifton, New Jersey, JOSEPH M. CAMPISANO, an attorney in SCHWARTZ, TOBIA & STANZIALE's labor and banking law group, and the OFFICE OF THRIFT SUPERVISION ("OTS"), an office within the United States Department of the Treasury, whose acceptance of this Stipulation and Consent is indicated by issuance of the attached Consent Cease-and-Desist Order (the "Order"). It is stipulated and agreed as follows:

1. Consideration. The OTS, based upon information derived from the OTS' investigation authorized by OTS Resolution No. EAST-91-2 (the "Investigation") and other exercises of its regulatory responsibilities, is of the opinion that the grounds exist to commence an administrative proceeding against SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO for the issuance of final agency orders, pursuant to provisions of Section 8 of the

Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.A. § 1818 (West 1989 & Supp. 1993). SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO desire to cooperate with the OTS and to avoid the time and expense of administrative litigation with the OTS, and, for the purposes of this settlement only, without either admitting or denying the factual or legal conclusions reached by the OTS or that such grounds exist, hereby stipulate and agree to the terms of this Stipulation and Consent and to issuance of the accompanying Order in consideration for OTS forever releasing and discharging SCHWARTZ, TOBIA & STANZIALE, including any and all Partners (other than Ronald L. Tobia who in all capacities separately is settling with the OTS), associates (including JOSEPH M. CAMPISANO), and employees, both present and past, from all potential claims and charges that:

- (i) have been or might have been asserted by the OTS arising out of facts known to the OTS or discovered by the OTS prior to issuance of the attached Order as a result of the Investigation; or
- (ii) otherwise have been or might have been asserted by the OTS based on findings set forth in the following written reports of examination of FAMILY FIRST: OTS report for the federal regular examination commenced on August 3, 1992; OTS report for the field visit commenced on October 29, 1991; OTS report for the special (compliance) examination commenced on September 30, 1991; OTS report for the federal regular examination commenced on April 29, 1991; OTS report

for the federal regular examination commenced on May 29, 1990; the Federal Home Loan Bank Board/Federal Home Loan Bank ("FHLBB") report for the federal regular examination commenced on March 20, 1989; the FHLBB report for the special limited examination commenced on December 21, 1987; the FHLBB report for the special limited examination commenced on August 3, 1987; and the FHLBB report for the federal regular examination commenced on April 27, 1987.

2. Jurisdiction. It is stipulated and agreed that (i) the OTS, an appropriate Federal banking agency, is authorized to issue the Order pursuant to 12 U.S.C.A. § 1818(b) (West 1989 & Supp. 1993); (ii) FAMILY FIRST is a "federal savings association," as that term is defined at 12 U.S.C.A. §§ 1462(5) and 1813(b)(2), and is an "insured depository institution," as that term is defined at 12 U.S.C.A. § 1813(c)(2); and (iii) SCHWARTZ, TOBIA & STANZIALE has served as general and regulatory counsel for FAMILY FIRST. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO for purposes of this settlement only do not contest the assertion by the OTS that at all pertinent times they each have been an "institution-affiliated party" of FAMILY FIRST, within the meaning of 12 U.S.C.A. § 1813(u).

3. Consent. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO consent to the jurisdiction of the OTS and to issuance of the accompanying Order. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO agree to comply with the terms of the Order, and stipulate that the Order, which is remedial, complies with all

requirements of law.

4. Finality. The Order is issued by the OTS under the authority of 12 U.S.C.A. § 1818(b) (West 1989 & Supp. 1993). SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO acknowledge and understand that, upon issuance, the Order will be a final order that is effective and fully enforceable by the OTS under provisions of federal law, including Section 8(i) of the FDIA (12 U.S.C.A. § 1818(i)).

5. Waivers. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO hereby waive the following legal rights:

- (i) the right to be served with a written notice of charges or other similar notice pursuant to provisions of Section 8 of the FDIA (12 U.S.C.A. § 1818) and other applicable law;
- (ii) the right to an administrative adjudicatory hearing of the OTS' charges against them;
- (iii) the right to seek judicial review of the Order, including (but not limited to) any such right provided by Section 8(h) of the FDIA (12 U.S.C.A. § 1818(h)) or otherwise to challenge the validity of the Order; and
- (iv) any claims for attorneys' fees or expenses under the Equal Access to Justice Act, 5 U.S.C.A. § 504.

6. No Effect on Actions by Other Agencies.

(a) This Stipulation and Consent and the OTS' issuance of the Order do not release, discharge, compromise, settle, dismiss or resolve, or in any way affect any civil actions, charges against, or liability of SCHWARTZ, TOBIA & STANZIALE and

JOSEPH M. CAMPISANO that arise pursuant to this action or otherwise, and that may be or have been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

(b) SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO acknowledge and agree that this Stipulation and Consent and OTS' issuance of the Order are not intended to and do not resolve, affect or preclude any proceedings, civil or otherwise, that may be or have been brought against SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO by (i) the OTS (except as otherwise specifically provided by the release at paragraph 1 hereof) or (ii) any other governmental entity.

7. Cooperation. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO, unless specifically precluded by the Rules of Professional Conduct adopted by the New Jersey Supreme Court or other applicable federal or New Jersey laws and rules, shall cooperate fully with the OTS (including its enforcement and litigation lawyers) whenever requested in connection with any administrative proceeding or other litigation concerning any directors, officers, stockholders, or other institution-affiliated parties of FAMILY FIRST.

8. Communications.

(a) The OTS may send written notices and other communications to SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO care of:

Brian Matthews, Esq.
McCormack, Petrolle & Matthews
38 Roseland Ave.
Roseland, New Jersey 07068

(b) All notices or other communications required or permitted to be sent by SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO to the OTS' Enforcement Counsel shall be sent to:

Steven A. Rosenberg, Esq.
Senior Enforcement Counsel
Office of Thrift Supervision
10 Exchange Place, 17th Floor
Jersey City, New Jersey 07302.

(c) All communications required or permitted to be sent by SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO to the OTS shall be sent to:

Robert C. Albanese, Deputy Regional Director
Office of Thrift Supervision
10 Exchange Place, 18th Floor
Jersey City, New Jersey 07302.

with a copy sent to the OTS' Enforcement Counsel.

9. Requests for Termination or Modification of the Order.

SCHWARTZ, TOBIA & STANZIALE and/or JOSEPH M. CAMPISANO, no sooner than two (2) years from the effective date of the Order, may make written application to the OTS for termination or modification of the Order. SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO understand that the decision to grant or deny any such application is within the sole discretion of the OTS, and further understand that any such application shall be summarily denied if they have failed to comply fully with all requirements and restrictions imposed by the Order.

10. Miscellaneous.

(a) The construction and validity of this Stipulation and Consent and the Order shall be governed by the laws of the United States of America.

(b) All references to the OTS in this Stipulation and Consent and the Order shall also mean any of the OTS' predecessors, successors, and assigns.

(c) The section and paragraph headings in this Stipulation and Consent and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation and Consent and the Order.

(d) The terms of this Stipulation and Consent and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitutes the sole agreement of the parties with respect to such subject matters. The terms of this Stipulation and Consent and the Order may not be amended except by a written document executed by SCHWARTZ, TOBIA & STANZIALE, JOSEPH M. CAMPISANO and the OTS, by and through its Director (or an appropriate designee).

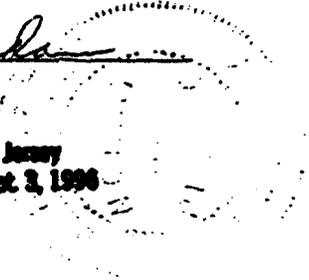
(e) The consent by SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO to the OTS' issuance of the Order, pursuant to this Stipulation and Consent, is intended to effect a settlement with the OTS, and nothing in these documents precludes SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO from interposing in any proceeding any objection to the use of the Order and this Stipulation and Consent that may be raised under Fed. R. Evid. 408, 12 C.F.R. § 509.15 (1993), or any other similar law or rule concerning the admissibility of a settlement (or offers therefor) as evidence in a proceeding; provided, however, that the Order and this Stipulation and Consent may be used in any proceeding brought by the OTS against SCHWARTZ, TOBIA & STANZIALE and/or JOSEPH M.

STATE OF NEW JERSEY)
)
COUNTY OF ESSEX) SS:

On this 23rd day of June, 1993, before me the subscriber, a Notary Public in and for the aforesaid State, personally appeared JOSEPH CAMPISANO one of the individuals who executed the foregoing Stipulation and Consent, and he acknowledged that he did examine and read the same and did sign the foregoing instrument, and that the same is his free act and deed.

Janet Chanda

JANET CHANDA
A Notary Public of New Jersey
My Commission Expires Sept. 3, 1996



UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION, DEPARTMENT OF THE TREASURY

In the Matter of)	
)	Order No. NE93-25
SCHWARTZ, TOBIA & STANZIALE,)	
and)	Date: July 7, 1993
JOSEPH M. CAMPISANO,)	
)	
attorneys for)	
FAMILY FIRST FEDERAL SAVINGS)	
BANK, Clifton, New Jersey)	
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CONSENT CEASE-AND-DESIST ORDER

WHEREAS, the Office of Thrift Supervision ("OTS") has conducted an investigation pursuant to OTS Resolution EAST-91-2 dated January 28, 1991 (the "Investigation") concerning Family First Federal Savings Bank ("FAMILY FIRST"), Clifton, New Jersey, and, as a result of the Investigation, has concluded that:

SCHWARTZ, TOBIA & STANZIALE is a New Jersey law firm organized as a professional association with three stockholders ("partners"). Ronald L. Tobia, one of the firm's partners, has headed the law firm's labor and banking law group, in which JOSEPH M. CAMPISANO has worked as an associate. Ronald L. Tobia, while a partner at SCHWARTZ, TOBIA & STANZIALE, has been FAMILY FIRST's Chairman of the Board and Chief Executive Officer. Since 1985, SCHWARTZ, TOBIA & STANZIALE, by and through its labor and banking law group, has served as general counsel and regulatory counsel for FAMILY FIRST.

The ABK Enterprises Transaction

ABK Enterprises is a partnership organized for the purchase and development of real estate. FAMILY FIRST's corporate minutes and other records, show that, since June 1989, FAMILY FIRST's Board of Directors and SCHWARTZ, TOBIA & STANZIALE were made aware that ABK Enterprises was an "affiliated person" of FAMILY FIRST for purposes of federal conflict-of-interest regulations. Pursuant to federal regulations a partnership is an affiliated person of a savings association where, inter alia, one or more of its general partners is (i) a director or officer of the savings association, or (ii) certain family members of such a director or officer. In 1989 and 1990, federal conflict-of-interest regulations prohibited savings associations from

making commercial loans of more than \$100,000 to an affiliated person.

In February 1990, FAMILY FIRST granted applications by ABK Enterprises for two commercial loans totaling \$900,000; each loan had a 24 month term, provided FAMILY FIRST with one point, and bore interest at prime plus 2.5%. After these approvals JOSEPH M. CAMPISANO was brought in to represent FAMILY FIRST in connection with the ABK loans. Prior to the funding of the loans, JOSEPH M. CAMPISANO was aware that ABK Enterprises was an affiliated person. JOSEPH M. CAMPISANO also was aware that, immediately upon funding of the loans, certain FAMILY FIRST directors and officers, including Ronald L. Tobia, were to become general partners in ABK Enterprises. In addition, JOSEPH M. CAMPISANO and other lawyers of the labor and banking group of SCHWARTZ, TOBIA & STANZIALE were to be admitted to the partnership upon funding of the loans.

Prior to the funding of the loans to ABK Enterprises, JOSEPH M. CAMPISANO informed Ronald L. Tobia that FAMILY FIRST's making of the loans appeared to be contrary to federal conflict-of-interest regulations. Mr. Tobia replied that there should not be a regulatory problem, because he intended for FAMILY FIRST to sell the loans. Prior to funding of the loans, neither JOSEPH M. CAMPISANO nor any other lawyer at SCHWARTZ, TOBIA & STANZIALE prepared any written memorandum or opinion, based on legal research, addressing whether the making of the ABK loans would cause FAMILY FIRST to violate federal conflict-of-interest regulations. Prior to funding of the ABK loans, JOSEPH M. CAMPISANO made no further factual or legal inquiry about the impact of the federal conflict-of-interest regulations, and did not advise FAMILY FIRST's management or Board of Directors to refrain from funding the loans.

In March 1990, FAMILY FIRST funded the two ABK loans. JOSEPH M. CAMPISANO, on behalf of SCHWARTZ, TOBIA & STANZIALE, served as FAMILY FIRST's lawyer for the loan closings. On the same day, the ABK Enterprises partnership was expanded to include FAMILY FIRST directors, officers, and lawyers as general partners. About sixteen days later, FAMILY FIRST sold, at par, 100% participation interests in the ABK loans to a company controlled by Ronald Tobia and James Corrado, a FAMILY FIRST director.

The Odarroc Loans

Odarroc, Inc. is a company that has been owned and controlled by James Corrado, a FAMILY FIRST director, and members of his immediate family with whom he is engaged in business. Prior to about 1989 it was clear that Odarroc was an affiliated person of FAMILY FIRST for purposes of federal conflict-of-interest regulations. In about late 1988 or early 1989, James Corrado purported to arrange for Odarroc to

cease being an affiliated person; he transferred his Odarroc stock to his sons, and had his sons assume his director and officer positions with the company.

Odarroc at all pertinent times also has been a client of SCHWARTZ, TOBIA & STANZIALE. JOSEPH M. CAMPISANO and other attorneys in the labor and banking group of SCHWARTZ, TOBIA & STANZIALE were aware of the affiliation between Odarroc and James Corrado.

In December 1988, FAMILY FIRST granted a \$1.1 million loan to Odarroc, with interest at prime plus 2.5%, on the security of commercial real estate. In connection with the loan transaction, JOSEPH M. CAMPISANO, on behalf of SCHWARTZ, TOBIA & STANZIALE, represented both FAMILY FIRST and Odarroc following their signing of a two-page "conflicts waiver" letter. Prior to the funding of the loan, JOSEPH M. CAMPISANO reviewed documents indicating that the loan proceeds were to be used to pay off a commercial real estate loan that James Corrado, a director and affiliated person, had outstanding with another financial institution. Federal conflict-of-interest regulations prohibit savings associations from directly or indirectly providing commercial credit of more than \$100,000 to an affiliated person of the savings association. However, prior to funding of the loan, neither JOSEPH M. CAMPISANO nor any other lawyer with SCHWARTZ, TOBIA & STANZIALE advised FAMILY FIRST's management or Board of Directors against the making of the \$1.1 million commercial loan to Odarroc. FAMILY FIRST funded the loan, and JOSEPH M. CAMPISANO represented FAMILY FIRST in connection with the loan closing.

The \$1.1 million Odarroc loan was paid off in February 1989 with a portion of the proceeds from a \$2.7 million loan made to Odarroc by FAMILY FIRST. Due to principal reductions against the first Odarroc loan, about \$2 million of new funds were disbursed to Odarroc pursuant to this second loan. In connection with this \$2.7 million loan, SCHWARTZ, TOBIA & STANZIALE, through JOSEPH M. CAMPISANO, again represented both FAMILY FIRST and Odarroc. Neither Odarroc's loan application nor James Corrado disclosed to JOSEPH M. CAMPISANO that Odarroc intended to provide the \$2 million of new funds to James Corrado and his sons for payment of personal obligations. Notwithstanding his knowledge of the use of prior loan funds, attorney JOSEPH M. CAMPISANO did not make inquiry about how Odarroc intended to use the \$2 million of new loan funds, and did not advise FAMILY FIRST to inquire whether the making of the loan would violate federal conflict-of-interest regulations. FAMILY FIRST funded the loan, and JOSEPH M. CAMPISANO conducted the loan closing. Immediately thereafter Odarroc distributed \$701,731 of the loan proceeds to James Corrado, a director and affiliated person of FAMILY FIRST, who used the funds to pay personal obligations.

The Machinery and Equipment Loans

Joseph Servidone, a FAMILY FIRST director, has been a major stockholder, director, and officer of some construction companies (the "Construction Companies"). In 1989, attorneys in the labor and banking group of SCHWARTZ, TOBIA & STANZIALE were aware of the affiliation between Joseph Servidone and the Construction Companies. Because of these affiliations the Construction Companies were affiliated persons to which Family First was prohibited from making commercial loans of more than \$100,000.

In late 1989, Joseph Servidone (i) gave up his titled positions at those companies, but continued to be involved in making business decisions on their behalf; and (ii) purportedly sold his stock in those companies to members of his immediate family and a close business associate for questionable consideration. Under the circumstances, the Construction Companies remained affiliated persons and affiliates of FAMILY FIRST for the purpose of federal conflict-of-interest regulations.

In late 1989, FAMILY FIRST granted applications by the Construction Companies (and related companies) for loans totaling \$2.3 million to refinance various loans made by other lenders on the security of machinery and equipment. The loans (collectively the "Machinery and Equipment Loans") had 5 year terms and bore interest at prime plus 2.5%. Attorneys in the labor and banking law group of SCHWARTZ, TOBIA & STANZIALE represented FAMILY FIRST in connection with the closing of these loans. Prior to funding of the loans in December 1989, the law firm's lawyers did not: (i) make a thorough inquiry about the nature of the changes in Mr. Servidone's affiliation with the Construction Companies; (ii) prepare a legal memorandum or opinion about whether the Construction Companies might be deemed affiliated persons notwithstanding the changes by Mr. Servidone; and (iii) advise FAMILY FIRST's management or Board of Directors about this issue. In 1991, after OTS criticism, FAMILY FIRST arranged for the loans to the Construction Companies to be paid off.

WHEREAS, as a result of information obtained during the Investigation, the OTS is of the opinion that the grounds exist for the OTS to seek the issuance of agency orders against SCHWARTZ, TOBIA & STANZIALE, and JOSEPH M. CAMPISANO, pursuant to provisions of the Federal Deposit Insurance Act ("FDIA"); and

WHEREAS, SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO neither admit nor deny the allegations arising from the Investigation; and

WHEREAS, SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO have stipulated and consented to the issuance of this Order by executing the attached Stipulation and Consent, the terms of which are hereby incorporated into this Order by this reference.

NOW THEREFORE, the Director of OTS, pursuant to Section 8(b) of the FDIA, 12 U.S.C.A. § 1818(b), HEREBY ORDERS as follows:

1. Cessation of Relationship with Family First.

(a) SCHWARTZ, TOBIA & STANZIALE and JOSEPH M. CAMPISANO, effective immediately upon issuance of this Order and except as otherwise allowed by paragraph 1(b) hereof, shall permanently cease and desist from any and all legal representation of (i) FAMILY FIRST (including any subsidiaries or joint ventures thereof) and (ii) any persons in their capacity as a director, officer or employee of FAMILY FIRST.

(b) SCHWARTZ, TOBIA & STANZIALE, until sixty (60) days from the date of issuance hereof, may continue to represent FAMILY FIRST as litigation counsel in connection with outstanding litigation and collection matters, provided that SCHWARTZ, TOBIA & STANZIALE provides the OTS with a list identifying each such matter.

2. Bank Regulatory Practice - General Requirements.

(a) SCHWARTZ, TOBIA & STANZIALE shall not serve as General Counsel or Bank Regulatory Counsel for any Insured Depository Institution (as defined at paragraph 10 hereof) unless:

- (i) the firm excludes RONALD L. TOBIA from providing legal services, managing or otherwise participating in this area of practice;
- (ii) the firm brings on at least one Qualified Banking Partner (as defined at paragraph 10 hereof), provided that: (x) at least sixty (60) days prior to bringing on such Qualified Banking Partner, SCHWARTZ, TOBIA & STANZIALE files a written notice with the OTS that (I) identifies the proposed Qualified Banking Partner, and (II) details the background, qualifications, and experience of that attorney; and (y) the OTS, within sixty (60) days of the filing of the aforesaid notice, has not issued to SCHWARTZ, TOBIA & STANZIALE a written notice of its disapproval of the attorney as a Qualified Banking Partner for purposes of this Order;
- (iii) the attorneys who would provide legal services in this area of practice are placed under the supervision of the Qualified Banking Partner;
- (iv) the Qualified Banking Partner develops and implements meaningful written policies and procedures regarding representation of Insured Depository Institutions;
- (v) prior to providing such services a Qualified Banking Partner at SCHWARTZ, TOBIA & STANZIALE certifies in a written submission to the OTS that SCHWARTZ, TOBIA & STANZIALE has complied fully and intends to comply fully with the requirements of this Order, including

but not limited to the requirements of this paragraph 2(a); and

(vi) the firm complies with all other requirements of this Order.

(b) In connection with any representation by SCHWARTZ, TOBIA & STANZIALE as General Counsel or Bank Regulatory Counsel of Insured Depository Institutions permitted by this Order, SCHWARTZ, TOBIA & STANZIALE shall regularly evaluate the performance of the firm's attorneys, including their adherence to the firm's written policies and procedures regarding such representation of Insured Depository Institutions.

(c) In the event that SCHWARTZ, TOBIA & STANZIALE acts as General Counsel or Bank Regulatory Counsel for an Insured Depository Institution, the Qualified Banking Partner shall be designated as the Partner in charge of the matter. The Qualified Banking Partner shall be responsible for assigning to the matter, and shall supervise the work of, banking and other SCHWARTZ, TOBIA & STANZIALE attorneys who are qualified to undertake the engagement.

(d) With respect to each new Insured Depository Institution client and each significant new matter for an Insured Depository Institution client, SCHWARTZ, TOBIA & STANZIALE shall in writing confirm, or obtain confirmation of, the nature and scope of the representation.

3. Certain Restrictions on Schwartz Tobia Attorneys.

(a) SCHWARTZ, TOBIA & STANZIALE shall not allow attorneys with the firm to serve as officers, directors or

employees for any Insured Depository Institution that at the same time is a client of the firm.

(b) SCHWARTZ, TOBIA & STANZIALE shall prohibit its attorneys from directly or indirectly obtaining loans, other than loans on the security of the attorney's primary residence, from any Insured Depository Institution for which SCHWARTZ, TOBIA & STANZIALE has served as General Counsel or Bank Regulatory Counsel at any time within the six month period preceding the date on which application for the loan was made..

4. Legal Opinions on Bank Regulatory Matters. In the event that SCHWARTZ, TOBIA & STANZIALE is requested to provide a legal opinion regarding the application of provisions of banking statutes (including but not limited to the laws codified at Title 12 of the United States Code), or regulations promulgated thereunder, to a transaction or practice, and SCHWARTZ, TOBIA & STANZIALE finds that the question presented has not been resolved by prior court order or agency order or interpretation and the answer is not reasonably predictable, SCHWARTZ, TOBIA & STANZIALE shall comply with applicable professional standards with respect to determining the type of opinion that SCHWARTZ, TOBIA & STANZIALE may render; the current standards include without limitation the Third-Party Legal Opinion Report of the Business Law Section of the American Bar Association.

5. Restrictions to Avoid Conflicts of Interest.

(a) SCHWARTZ, TOBIA & STANZIALE shall not represent both an Insured Depository Institution and a borrower or loan applicant thereof in connection with the same transaction;

provided however, that the restrictions hereof shall not apply where: (i) SCHWARTZ, TOBIA & STANZIALE is acting only as a Loan Disbursement Agent (as defined at paragraph 10 hereof) on behalf of the Insured Depository Institution; and (ii) the institution is represented by other counsel in connection with the transaction.

(b) SCHWARTZ, TOBIA & STANZIALE shall not represent a borrower or loan applicant in connection with a transaction with an Insured Depository Institution if, during the preceding six months, SCHWARTZ, TOBIA & STANZIALE served as General Counsel or Bank Regulatory Counsel for such Insured Depository Institution.

6. "Affiliated Person" Transactions. SCHWARTZ, TOBIA & STANZIALE shall not act as counsel for an Insured Depository Institution concerning a loan to be made by the institution when a SCHWARTZ, TOBIA & STANZIALE attorney has Knowledge (as defined at paragraph 10 hereof) that (i) the named borrower is a nominee for a director, officer or other Affiliated Person of the client institution, or (ii) all or a portion of the loan proceeds otherwise are intended to be (or are in fact) used for the benefit a director, officer or other Affiliated Person of the client institution in violation of any federal banking laws or regulations.

7. Fulfillment of Ethical Duty Owed to Institution.

When (i) SCHWARTZ, TOBIA & STANZIALE is serving as General Counsel or Bank Regulatory Counsel for an Insured Depository Institution, as permitted by this Order, and (ii) to the Knowledge of a SCHWARTZ, TOBIA & STANZIALE attorney, a director, officer or employee of that Insured Depository Institution may be engaging

(or may have engaged) in acts or omissions that appear to result or will result in a violation of banking statutes or regulations or the breach of fiduciary duty owed by such person to the Insured Depository Institution, the SCHWARTZ, TOBIA & STANZIALE attorney with such Knowledge shall inform the firm's Partner in charge of the matter. The Partner so advised, if he or she concurs that such a violation or breach has or will result, shall advise such director, officer or employee (i) concerning such person's fiduciary duties of care and loyalty to the institution's shareholders, depositors, and the federal insurance fund and (ii) that the fiduciary duties of such person include compliance with banking laws, the avoidance of conflicts of interest, and the adherence to the principles of safety and soundness. Should such director, officer or employee fail to abide by SCHWARTZ, TOBIA & STANZIALE's advice concerning fiduciary duties, SCHWARTZ, TOBIA & STANZIALE shall further inform a responsible senior executive officer of the Insured Depository Institution of the facts and circumstances surrounding the actions or intended actions of such director, officer or employee and of the advice provided to such director, officer or employee. SCHWARTZ, TOBIA & STANZIALE shall further advise the responsible senior executive officer that pursuant to his or her fiduciary duties he or she must (i) ascertain whether a breach of fiduciary duty is threatened or occurred and (ii) in the event that a breach of fiduciary duty is threatened or has occurred, take action to correct or nullify the actions constituting the threatened or actual breach of fiduciary duty and remedy any harm to the Insured Depository Institution

caused by those actions. If the responsible senior executive officer fails to act pursuant to SCHWARTZ, TOBIA & STANZIALE's advice, SCHWARTZ, TOBIA & STANZIALE shall take the same steps with respect to such Insured Depository Institution's Board of Directors as it was required to take under this paragraph with respect to such responsible senior executive officer. If the Board of Directors fails to act pursuant to SCHWARTZ, TOBIA & STANZIALE's advice, SCHWARTZ, TOBIA & STANZIALE shall consider whether the applicable ethical rules require SCHWARTZ, TOBIA & STANZIALE's resignation from the engagement or some other action and shall act in accordance with such ethical rules and shall document its decision.

8. Acknowledgment of Order. SCHWARTZ, TOBIA & STANZIALE shall require each of its attorneys, at the time he or she is first assigned to participate in providing services as General Counsel or Bank Regulatory Counsel for an Insured Depository Institution, to read a copy of this Order and acknowledge in writing that he or she has done so.

9. Professional Conduct. JOSEPH M. CAMPISANO, immediately upon issuance of this Order, shall (i) read and otherwise familiarize himself with Rules 1.7, 1.8, 1.13, and 5.2 of the New Jersey Rules of Professional Conduct; and (ii) comply fully with the aforesaid rules in connection with his participation in the providing of legal services to Insured Depository Institutions.

10. Definitions. For the purpose of this Order, the following definitions shall apply:

(a) "SCHWARTZ, TOBIA & STANZIALE" refers to: (i) the New Jersey professional association of that name whose offices currently are located in Montclair, New Jersey; or (ii) the aforesaid professional association notwithstanding any change in its name, amendments to its certificate of incorporation, or stockholder changes, and any professional association that is the successor-in-interest to said professional association due to a merger, consolidation, or other similar transaction.

(b) The phrase "Insured Depository Institution" shall (i) have the meaning set forth for "insured depository institution" at 12 U.S.C.A. § 1813(c)(2); and (ii) also apply to (x) any non-diversified holding company of any such institution; and (y) any subsidiary or joint venture of any such institution in which the institution has an equity interest of 25 percent or more.

(c) "Partner" refers to a lawyer with an equity interest in the law firm.

(d) "Qualified Banking Partner" means a SCHWARTZ, TOBIA & STANZIALE Partner, who (i) has at least ten (10) years of substantial legal experience in the area of the federal "banking" regulation of Insured Depository Institutions, and (ii) is not JOSEPH M. CAMPISANO or RONALD L. TOBIA.

(e) "Federal Banking Agency" refers to any and all of the agencies identified as an "appropriate Federal banking agency" at 12 U.S.C.A. § 1813(q) (West 1989) and any successor(s) thereof.

(f) "Knowledge" shall mean actual knowledge or reckless disregard of the facts.

(g) "Affiliated Person" has the meaning set forth at 12 C.F.R. § 561.5 (1993) except that references therein to a "savings association" shall also include an Insured Depository Institution (as defined herein).

(h) SCHWARTZ, TOBIA & STANZIALE will be deemed to be "General Counsel" for an Insured Depository Institution where: (x) the firm has been retained to be generally available to advise such an institution's Board of Directors, officers, or employees about a variety of areas of law and/or their fiduciary duties; (y) one or more of the firm's attorneys regularly attends meetings of the institution's Board of Directors, except where such attorney attends such meetings solely as a member of the Board of Directors; or (z) where, on behalf of such an institution, the firm anticipates performing or performs legal services (other than loan work-out and collection work) of a value of \$250,000 or more at the firm's regular billing rates during any 12 month period.

(i) SCHWARTZ, TOBIA & STANZIALE will be deemed to be "Bank Regulatory Counsel" for an Insured Depository Institution where it: (x) advises such an institution on matters concerning banking laws and regulations (including but not limited to the federal laws codified at Title 12 of the United States Code and the regulations, policy statements, and bulletins issued thereunder); or (y) on behalf of such an institution engages in practice (within the meaning of 12 C.F.R. § 513.3(e) (1993)) before a Federal Banking Agency, including (without limitation) the representation of such an institution in connection with any examination or investigation by a Federal Banking Agency.

(j) "Loan Disbursement Agent" means an attorney retained by a borrower in connection with a loan from an Insured Depository Institution where: (i) the institution disburses the loan proceeds to said attorney who is instructed to hold said proceeds in escrow; and (ii) the attorney's sole obligation to said institution is to act as the institution's loan escrow agent in conformity with conditions for the release of funds from escrow, e.g., the execution of loan documentation and the filing of any security instruments and/or mortgages in connection therewith.

IT IS SO ORDERED on this 7th day of July, 1993.

OFFICE OF THRIFT SUPERVISION

/S/

By:

Robert C. Albanese
Deputy Regional Director
Northeast Region