

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of:)

First DeWitt Savings and Loan)
Association, West Caldwell,)
New Jersey,)

its Directors, Officers,)
Employees and Subsidiaries)
_____)

Re: Northeast Regional Director
OTS Resolution No. NE92-58

Dated: June 1 , 1992

STIPULATION AND CONSENT TO ISSUANCE
OF ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Northeast Regional Office, OTS, and First Dewitt Savings and Loan Association, West Caldwell, New Jersey (the "Association"), by and through its Board of Directors, stipulate and agree as follows:

1. Consideration. The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b), against the Association. The Association, without admitting or denying that grounds exist to initiate such administrative proceedings, desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating such administrative litigation against the Association with respect to the matters covered in the accompanying Order to Cease and Desist ("the Order").

2. Jurisdiction.

(a) First Dewitt Savings and Loan Association is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

(b) Pursuant to Section 3 of the FDIA, the Director of OTS is the "appropriate Federal Banking agency" to maintain an enforcement proceeding against such a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, 12 U.S.C. § 1818(b).

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In the Matter of:)
First Dewitt) re: Northeast Regional
Savings and Loan Association,) Director
West Caldwell, New Jersey,) OTS Resolution No. NE92-58
)
) Dated: June 1, 1992
its Directors, Officers,)
Employees, and Subsidiaries) ORDER TO CEASE AND DESIST
)
_____)

WHEREAS, First Dewitt Savings and Loan Association, ("First Dewitt" or the "Association"), West Caldwell, New Jersey, has executed a stipulation and consent to the Issuance of Order to Cease and Desist ("the Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), a bureau within the United States Department of the Treasury; and

WHEREAS, First Dewitt, by execution of the stipulation, has consented and agreed to the issuance of this Cease-and-Desist Order ("Order"), which is an order to cease and desist issued by the OTS pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. § 1818(b);

WHEREAS, First Dewitt is a savings association that is regulated by the OTS;

NOW, THEREFORE, the OTS issues this Order to Cease and Desist ("Order") to First Dewitt, its directors, officers,

employees, and subsidiaries.

COMPLIANCE WITH LAWS AND REGULATIONS

1.01. Compliance with Laws and Regulations

First Dewitt shall cease and desist from violations of the following Federal laws and regulations:

- (1) Sections 23A, 23B and 22h of the Federal Reserve Act, 12 U.S.C. §§ 371c, 371c-1, 375(b), as applied to savings associations by Section 11 of the Home Owners' Loan Act, 12 U.S.C. § 1468, and Sections 563.41, 563.42, 563.43 and 584.3 of the OTS Regulations, 12 C.F.R. § 563.41, 563.42, 563.43 and 584.3 (regarding transactions with affiliates);
- (2) Section 563.93 of the OTS Regulations, 12 C.F.R. § 563.93 (regarding loans to one borrower); and
- (3) Section 584.2(a) of the OTS Regulations, 12 C.F.R. § 584.2(a) (regarding evasions of law or regulation).

1.02. The compliance requirements of this Order shall not be construed as an authorization for First Dewitt to engage in the activities governed by the aforesaid laws, rules, and regulations. To the extent that it is lawful for First Dewitt to engage in such activities, and if provisions of the Order set forth more strict restrictions, limitations and

requirements than are set forth in applicable laws and regulations, then under such circumstances First Dewitt shall, at all times, comply with and adhere to the more strict restrictions, limitations, and requirements otherwise set forth in this Order.

It is further ordered that:

FLOOR PLAN LOANS

2.01.

(a) The Association shall not make any further floor plan loans.

(b) First Dewitt shall not make, invest in, or purchase or commit to make, invest in, or purchase, refinance or commit to refinance or otherwise modify any loans to Northeast Sportfishing, Inc. without the prior written approval of the Regional Director or his designee.

CAPITAL DISTRIBUTIONS

3.01. The Association shall not, directly or indirectly, make any capital distributions to First State Financial Services, Inc. ("First State"), except as permitted by the OTS pursuant to applicable regulations.

MANAGEMENT

4.01. Transactions with Affiliates/ Loans to one Borrower

(a) Use of Affiliates to circumvent regulations:

The Association shall not, directly or indirectly, aid and abet the making by First State of any loan which, if made by the Association, would violate the loan to one borrower regulations, as set forth in section 563.93 of the OTS Regulations, 12 C.F.R. § 563.93.

(b) Loans to one Borrower:

No later than 45 days from the date of this Order, the Association shall develop and implement a system which shall accurately identify and monitor all loans to one borrower ("LTOB") in order to ensure compliance with the LTOB requirements of 12 C.F.R. § 563.93. Approval of this system by the Board shall be documented in the Board minutes.

(c) Improper Loans/advances to Affiliates:

(i) The Association shall cease and desist from engaging in any affiliated transactions with First State, except as permitted by the OTS pursuant to applicable regulations. Before engaging in any affiliated transaction, the Association shall obtain written approval from the Regional Director or his designee. "Affiliated Transactions" shall be defined as set forth in 12 C.F.R. § 563.42(a)(2)(i) through (v) and (3).

(ii) The Association shall diligently pursue the repayment by First State of the University Square Associates loan as expeditiously as circumstances permit. Said efforts shall be reported, in writing, to the OTS on a monthly basis.

BOARD OF DIRECTORS RESPONSIBILITIES

5.01. Fiduciary Duty to the Association

(a) Notwithstanding that certain provisions of this Order require the Board of Directors to submit various

matters to the Regional Director for the purpose of receiving approval, notice of acceptability or non-objection, such regulatory oversight does not derogate or supplant the fiduciary duties owed by the members of the Board of Directors of the Association. The Board of Directors, at all times, shall have the ultimate responsibility for overseeing the safe and sound operation of the Association.

(b) In connection with its oversight of the Association, the Board of Directors shall, at a minimum, obtain and consider all applicable information suggested in the Director Information Guidelines, published by the OTS in December, 1989. The Association shall make such information available to the Regional Director upon request.

5.02. Board Review of Compliance With This Order

(a) The Board of Directors of the Association shall take prompt action to cause the Association to fully comply with this Order.

(b) Each month, the Board shall adopt a formal resolution (the "Compliance Resolution") resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar month, the Association has complied with each provision of this Order currently in effect, except as otherwise stated. In determining whether to adopt the Compliance Resolution, the Board shall be entitled to rely reasonably upon reports furnished by management. The

Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist; and (ii) identify all notices of exemption or other exceptions issued by the Regional Director that were outstanding as of the date of the Compliance Resolution.

(c) No later than five business days after each monthly meeting of the Board of Directors of the Association, beginning with the end of the first calendar quarter following the Date of this Order, the Association shall provide to the Regional Director a certified true copy of each such Compliance Resolution adapted for the preceding month. The Board, by virtue of the submission of a certified true copy of each 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 as provided below. 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 minutes of First Dewitt.

DEFINITIONS

6.01. For all purposes of this Order, except as otherwise expressly provided or unless the context otherwise requires, (a) the terms used in this Order have the meanings assigned to them in this Section and include the plural as well as the singular, (b) all accounting terms not otherwise defined have the meanings assigned to them in accordance with generally accepted accounting principles in the United States, except

that if such terms are defined in the Rules and Regulations of the OTS, such regulatory definitions shall be controlling, (c) all terms not otherwise defined herein that are defined in the HOLA, the Federal Deposit Insurance Act, or the Rules and Regulations of the OTS or its publicly available Bulletins and Advisory Memoranda shall have the meanings assigned to them in such statutes, Rules and Regulations, Bulletins, and advisory memoranda, and (d) all technical words or terms not subject to a definition in this Order shall have the meanings that accord with the best custom and usage in the thrift and banking industries.

(a) "Board Resolution" means a resolution duly adopted by a disinterested majority of the directors of the Association present at a duly called and held meeting of the Board of Directors (or a Committee thereof) at which a quorum was present.

(b) "Business Day" means any weekday excluding Federal holidays.

(c) "FDIA" means the Federal Deposit Insurance Act, as amended.

(d) "FIRREA" means the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183.

(e) "HOLA" means the Home Owners' Loan Act, as amended, 12 U.S.C. §§ 1461 et seq..

(f) "Make", in the context of making a loan, means to enter into a binding obligation (whether or not memorialized in writing) to provide loan funds, and it also means the obtaining of a lender's interest in a pre-existing debt whether through a purchase, swap, or otherwise.

(g) "OTS" refers to the Office of Thrift Supervision, United States Department of the Treasury, or its successor.

(h) "Regional Director" or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, and refers to the Regional Director of the Northeast region of OTS. All references to the Regional Director shall include the Regional Director and/or his designee(s).

(i) "Savings Association" shall have the meaning as set forth in Section 2(4) of the HOLA, 12 U.S.C. § 1462(4).

(j) "Subsidiary" or "subsidiaries" includes all service corporations as defined in Section 567.1(dd) of the OTS Regulations, and subsidiaries of such service corporations.

6.02. The words "herein", "hereof", and "hereunder" and other words of similar import refer to this Order as a whole and not to any particular Part, Section, Paragraph, or other subdivision, unless the context otherwise requires.

SUCCESSOR STATUTES, REGULATIONS, GUIDANCE, AMENDMENTS

7.01. Reference in this Order 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 hereof and references to successor provisions as they become applicable.

NOTICES

8.01. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Order 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 or airmail 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, 10 Exchange Place, 18th Floor, Jersey City, New Jersey 07302, or telecopied to (201) 413-7543 and confirmed by mail, first class or airmail postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(b) the Association by the OTS shall be sufficient for every purpose hereunder if in writing and mailed, first class or airmail postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Association at 1120 Bloomfield Avenue, West Caldwell, New Jersey, 07007, or telecopied to the president of the Association and confirmed by mail, first class or airmail postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

8.02. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this Order, then, in the event such notice was sent by the United States mail, there shall be a presumption that the notice was received two Business Days after the date of the postmark on the envelope in which the notice was enclosed.

DURATION, TERMINATION OR SUSPENSION OF ORDER

9.01. This Order shall 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).

9.02. The Regional Director (or his designee), in his or her sole discretion, may, by written notice, suspend any or all provisions of this Order.

EFFECT OF HEADINGS.

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

SEPARABILITY CLAUSE.

11.01. In case any provision in this Order 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.

12.01. Nothing in this Order shall be construed as allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject.

INCORPORATION OF STIPULATIONS.

13.01. The Stipulations are made a part hereof and are incorporated herein by this reference.

EFFECTIVE DATE OF ORDER

14.01. The Order is effective and enforceable immediately upon the date of its issuance by the OTS, which date is set forth below.

IT IS SO ORDERED on this 1st day of June, 1992.

THE OFFICE OF THRIFT SUPERVISION
BY:

/S/

Angelo A. Vigna,
Regional Director, Northeast
Region