

SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective on this 13th day of December, 1990 (the "Effective Date"), by and between Abacus Federal Savings Bank ("Abacus" or the "Association"), a federally-chartered stock savings association, and the Office of Thrift Supervision ("OTS"), an office within the Department of the Treasury, a department in the Executive Branch of the United States Government, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C.

WHEREAS, the Association is a federally-chartered stock-form savings association, the deposits of which are insured by the Savings Association Insurance Fund ("SAIF") of the Federal Deposit Insurance Corporation ("FDIC"), and is subject to Federal laws and regulations; and

WHEREAS, the OTS is the primary Federal regulator of the Association; and

WHEREAS, the OTS, represented by the Regional Director for the Northeast Region ("Regional Director"), is of the opinion that the Association has violated certain of the laws or regulations to which the Association is subject and has engaged in unsafe and unsound practices in conducting the business of the Association; and

WHEREAS, OTS is of the view that it is appropriate to take measures intended to ensure that the Association will: (1) comply with all applicable laws and regulations; (2) engage in safe and sound practices; and (3) maintain itself in a safe and sound condition; and

WHEREAS, the OTS is of the view that such measures include requiring the Association to take the corrective actions that are set forth in this Agreement to remedy such violations and practices; and

WHEREAS, the Board of Directors of the Association wishes to cooperate with the OTS and to demonstrate that they have the intent and ability to: (1) comply with all applicable laws and regulations; (2) engage in safe and sound practices; and (3) maintain the Association in a safe and sound condition, consistent with its fiduciary duties owed to the Association and its depositors; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Association is willing to enter into this Agreement;

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

Part I - Operating Restrictions

SECTION 1.01. DIRECTORATE

(a) The board of directors shall immediately implement the necessary steps to increase the board of directors to the minimum regulatory requirement of seven (7) in accordance with Section 552.6-1 of the OTS Regulations, 12 C.F.R. § 552.6-1. The board shall document all actions taken to fulfill this obligation and provide monthly status reports to the OTS on these efforts within ten 10 days of each monthly board meeting, until compliance is achieved.

(b) Within 30 days after the Effective Date, Abacus shall establish and adopt a board of director attendance policy requiring that each board member attend no less than 75% of all board meetings, measured on an annual basis, with a provision that the board will request the resignation of any director with three (3) or more consecutive unexcused board meeting absences. Any approval of absence must be specifically documented in the board meeting minutes. Beginning with the first board meeting after the Effective Date, the board will submit to this office attendance rosters for regular board meetings within ten (10) days of the subject meeting.

(c) All actions taken and/or approvals given by the board of directors must be signed by all directors consenting to the action.

SECTION 1.02. CORPORATE STRUCTURE

(a) Within 30 days of the Effective Date, Abacus shall designate two individuals to assume the duties and responsibilities of vice president and treasurer.

(b) Within 60 days of the Effective Date, the board of directors shall establish and adopt a management succession policy which clearly defines management succession.

(c) Within 60 days of the Effective Date, the board of directors will review the employment history and performance of every officer and appoint and/or ratify the employment of every officer the board deems to have performed satisfactorily. Thereafter, such review and appointment of all officers will be performed by the board of directors on an annual basis.

(d) Beginning on the Effective Date, all prospective officers will be reviewed and appointed by the board of directors.

SECTION 1.03. ANNUAL DISCLOSURE

(a) Within 45 days after the Effective Date, Abacus shall prepare and distribute a disclosure report in accordance with Section 563.45 of the OTS Regulations, 12 C.F.R. §563.45, which will include all loan closing fees paid to Mr. Thomas Sung by borrowers.

(b) Within 15 days after distributing the disclosure report required pursuant to Section 1.03 (a) of this Agreement, the board of directors shall submit a copy of the disclosure report to OTS with a detailed explanation for not filing this report for the prior 2 years.

SECTION 1.04. FINANCIAL PLANNING

(a) Within 90 days after the Effective Date, Abacus will establish, approve, adopt and submit to OTS a business plan and budget.

(b) Within 90 days after the Effective Date, the board of directors will submit to OTS a board resolution approving and adopting the business plan and budget. Thereafter, on a quarterly basis at a minimum, the board will review the business plan and budget and compare to actual performance. Where variances are found to be unacceptable, the board will take all actions appropriate and necessary to adhere to the business plan and budget.

SECTION 1.05. COMMERCIAL REAL ESTATE LOANS

(a) Abacus shall not make, invest in, purchase, sell, refinance, extend or otherwise modify any commercial real estate loans or participations therein.

(b) Nothing in this Section 1.05 shall prohibit Abacus from honoring prior existing legally binding commitments to fund loans or loans-in-process ("LIP"), provided that the Association complies with the following requirements:

(1) Prior to finalizing any commitment in a loan contract or making any disbursement under a loan contract or LIP, the Association shall affirmatively determine that all conditions precedent to the commitment or disbursement have been satisfied.

(2) The Association shall submit a written opinion from independent legal counsel stating:

(i) that counsel has reviewed the terms of each such commitment and LIP, which shall be identified in a schedule appended to the written opinion;

(ii) that, in the opinion of counsel, each such commitment or LIP constitutes a legally binding obligation of the Association that could be enforced in a court of law by the party to whom the commitment and LIP is made; and

(iii) that the honoring of each such commitment and LIP will not cause the Association to otherwise violate any laws or regulations applicable to it.

SECTION 1.06. POLICIES AND PROCEDURES

(a) Within 120 days after the Effective Date, the board of directors of Abacus shall revise or establish, approve, adopt and implement the following policies and procedures, incorporating the examiner's comments from the July 30, 1990 Report of Examination:

1. Investments,
2. Commercial real estate lending,
3. Internal loan review,
4. Mortgage banking,
5. Appraisals,
6. EDP disaster recovery program.

(b) Approval by the board of directors of the policies and procedures listed in Section 1.06(a) shall be recorded in the board minutes. Thereafter, such policies and procedures will be reviewed by the board of directors on an annual basis at a minimum.

(c) Within 120 days after the Effective Date, the policies and procedures approved by the board of directors must be submitted to OTS.

SECTION 1.07. LOANS-TO-ONE-BORROWER ("LTOB")

(a) Abacus shall initiate efforts to dispose of loan #1300 - Huang, Yaw Sung and Ching Yun; and loan #1314 - Feinberg, David and Dorris, unless the board can demonstrate to the OTS in writing no later than 45 days after the Effective Date, that these loans do not violate the LTOB limitation as defined in Section 563.93 of the OTS regulations, 12 C.F.R. § 563.93.

(b) Within 120 days after the Effective Date, if a violation cannot be disproved or if the OTS finds the written explanation to be unacceptable, and the institution cannot dispose of the loans without significant losses, then the board shall provide the OTS a written explanation which includes: all efforts to dispose of the loan(s), any mitigating reasons for violating the LTOB limitation and any reasons why the OTS should not impose civil money penalties.

(c) Abacus shall immediately implement adequate monitoring procedures to ensure that all borrowers with loans exceeding \$250,000 are being segregated for purposes of complying with Section 563.93 of the OTS regulations, 12 C.F.R. § 563.93 regarding LTOB. Within 60 days of the Effective Date of this Agreement, the board shall submit a report to the OTS that outlines the actions taken to comply with this section.

SECTION 1.08. REGULATORY VIOLATION

(a). Within 30 days after the Effective Date, the board of directors shall submit a resolution, signed by all directors, promising to comply, to the best of their ability, with all OTS regulations as well as any and all supervisory requests in a timely fashion.

(b) Within 60 days after the Effective Date, the board must establish, adopt and institute controls to ensure compliance and avoid future recurrence of all violations that were highlighted in the July 30, 1990 Report of Examination.

Part II - General Provisions

SECTION 2.01. BOARD OF DIRECTORS CERTIFICATIONS

As described below, the board of directors shall submit to the Regional Director or his designee a resolution signed by each director, certifying that, to the best of his or her knowledge and belief, and based on a prudent review, during the previous calendar month, the Association complied with each condition of this Agreement. This resolution shall set forth any exceptions to any conditions of this Agreement that were approved by the Regional Director or his designee. Within 10 business days after each board of directors' meeting, the Association shall submit to the Regional Director or his designee a copy of the aforementioned resolution.

SECTION 2.02. BOARD OF DIRECTOR RESPONSIBILITY

Each member of the board of directors owes fiduciary duties to the Association and its depositors. Notwithstanding that certain provisions of this Agreement 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.

SECTION 2.03. DURATION, TERMINATION, OR SUSPENSION OF AGREEMENT

This Agreement shall remain in effect until terminated, in writing, by the OTS, acting through the Regional Director or his designee. The Regional Director or his designee may grant written requests for termination of the Agreement, if, in his or her discretion, the Association has satisfactorily complied with the provisions of this Agreement.

SECTION 2.04. SIGNATURE OF DIRECTORS

Each director signing the Agreement, which shall include at least a majority of the Board, attests that s/he voted positively in favor of the resolution authorizing the execution of the Agreement by the Association.

SECTION 2.05. ENFORCEABILITY OF AGREEMENT

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. It is understood and agreed that this Agreement is a "written Agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, as amended, 12 U.S.C. § 1818.

SECTION 2.06. MISCELLANEOUS DEFINITIONS

(a) For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, (1) the terms defined in this Section have the meanings assigned to them in this Section and include the plural as well as the singular, (2) 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, (3) 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 (4) all technical words or terms not subject to a definition in this Agreement shall have the meanings that accord with the best custom and usage in the thrift and banking industries.

(b) "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.

(c) "Regional Director" or his successor is the "senior supervisory official" within the meaning of Section 723(d) of the FIRREA, 101 Stat. 183, 428 (1989), 12 U.S.C. §1437(d). All references to the Regional Director shall include the Regional Director and/or his designee(s).

(d) "Officer" has the meaning assigned to the term "Officer" as set forth in Section 561.35 of the OTS Regulations, 12 C.F.R. § 561.35.

(e) "HOLA" means the Home Owners' Loan Act, as amended (codified at 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.

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly qualified Secretary of Abacus Federal Savings Bank (OTS No. 8059) N.Y., N.Y. (the "Association") hereby certify that the following is a true copy of a resolution duly adopted by its board of directors at a meeting duly called and held on December 13, 1990; that at said meeting a quorum was present and voting throughout; and that said resolution has not been rescinded or modified and is now in full force and effect.

RESOLUTION

WHEREAS the directors of the Association have been advised that the Office of Thrift Supervision ("OTS") is of the opinion that the Association violated regulations to which the Association is subject and has engaged in unsafe and unsound practices and that such violations and practices provide grounds for the initiation of cease-and-desist proceedings against the Association by the OTS; and

WHEREAS the said directors have been informed that the OTS will forbear from the initiation of such cease-and-desist proceedings on the subjects covered in the attached Supervisory Agreement ("Agreement") if the Agreement is executed by the Association for so long as the Association complies with the Agreement; and

WHEREAS the directors of the Association have read and considered the Agreement attached to the minutes of the meeting of the board of directors held on December 13, 1990; and

WHEREAS after due consideration, the directors of the Association have determined to enter into the proposed Agreement in the interest of regulatory compliance and cooperation.

Now, therefore be it RESOLVED, that the Agreement, a copy of which is attached hereto and the provisions of which are incorporated herein by reference, be and is hereby approved by the board of directors of the Association. The officers and employees of the Association are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement and to comply with such Agreement.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Abacus Federal Savings Bank this 13th day of December, 1990.

151
Secretary