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OTS No. >7195

SUPERVISORY AGREEMENT

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 This Supervisory Agreement ("Agreement") is made and is effective this 1st day of February, 1992 (the "Effective Date"), by and between Bordentown-Peoples Savings and Loan Association (the "Association"), a state chartered mutual savings and loan association, having its main office located at Farnsworth Avenue & Route 130, Bordentown, New Jersey 08505 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 OTS is the primary federal regulator of the Association; and

WHEREAS, based on the Report of Compliance Examination dated July 13, 1992, the OTS, represented by the Regional Director for the Northeast Region or his designee ("Regional Director") is of the opinion that the Association has engaged in acts and practices in operating the business of the Association that have resulted in violations of certain of the laws or regulations to which the Association is subject; and

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

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will comply with all applicable laws and regulations; and

WHEREAS, the Board of Directors of the Association (the "Board") wishes to cooperate with the OTS and to demonstrate that they have the intent and ability to comply with all applicable laws and regulations.

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:

I. COMPLIANCE WITH LAWS AND REGULATIONS

1.1. The Association shall comply with the following Federal laws and regulations:

(a). Subsection 103.29 (a)(2) of the U.S. Treasury Department Regulations, 12 C.F.R. §103.29 (a)(2) (regarding record keeping for bank check purchases);

(b). Subsection 202.9(a)(2) of Regulation B, 12 C.F.R. §202.9(a)(2) (regarding notification requirements for credit applications);

(c). Subsection 226.18(e) of Regulation Z, 12 C.F.R. §226.18(e) (regarding accuracy of the annual percentage rate);

(d). Subsection 226.22(a) of Regulation Z, 12 C.F.R. §226.22(a) (regarding accuracy of the annual percentage rate);

(e). Sections 229.16(a) of Regulation CC, 12 C.F.R. §229.16(a) (regarding disclosure of funds availability);

(f). Subsection 528.2(a) of the OTS Regulations, 12 C.F.R. §528.2(a) (regarding nondiscrimination in appraisals);

(g). Subsection 563.117(b) of the OTS Regulations, 12 C.F.R. §563.117(b) (regarding compliance procedure);

(h). Section 563.48(e) of the OTS Regulations, 12 C.F.R. §563.48(e) (regarding flood disaster protection);

(i). Subsection 568.2 of the OTS Regulations, 12 C.F.R. §568.2 (regarding designation of a security officer);

(j). Section 103.11 of the U.S. Treasury Department Regulations, 31 C.F.R. §103.11 et seq. (regarding currency and foreign transactions reporting)

II. CORRECTIVE PROVISIONS

2.1. Compliance.

(a). Compliance Program. No later than 60 Business Days after the Effective Date, the Board shall develop, approve and implement a comprehensive written compliance program that includes without limitation (i) procedures to ensure that any personnel responsible for the Association's compliance with any law or regulation receives the necessary training and education to accomplish such compliance and correct any deficiencies, including without limitation procedures that ensure that the form, content and distribution of all consumer

disclosures meet statutory and regulatory requirements, (ii) periodic, scheduled tests and any other necessary actions to measure such compliance by the Association, to be conducted by an individual who is not among the personnel responsible for the Association's compliance referred to in subsection 2.1(a)(i) hereof and (iii) quarterly reports to the Board by any such individual that permit the Board to monitor compliance by the Association with all applicable laws and regulations as well as to monitor the success of the compliance training referred to in subsection 2.1(a)(i) hereof. The Board should consult Compliance: A Self-Assessment Guide published by the OTS in developing its compliance policy and monitoring the Association's compliance therewith.

(b). Compliance Officer. No later than 60 Business Days after the Effective Date, the Board shall appoint a compliance officer(s) to direct, manage and implement the compliance programs described in subsection 2.1(a) hereof.

2.2 Bank Secrecy Act.

(a). Currency and Foreign Transactions Reporting Compliance Program. No later than 60 Business Days after the Effective Date, the Board shall develop, approve and implement a comprehensive written program to ensure that the Association fully complies with its obligations under the Bank Secrecy Act, 31 U.S.C. § 5311 et seq. and its implementing regulations 31 C.F.R. §103.11 et seq. and 12 C.F.R. §563.177. In connection with its development of such compliance program, the Board shall designate an Officer responsible for coordinating and monitoring day-to-day compliance.

(b). Designation of Security Officer. No later than 60 Business Days after the Effective Date, the Board shall designate a security officer who shall have the authority to develop and administer a written security program to discourage robberies, burglaries and larcenies and to assist in the identification and prosecution of suspects in accordance with Part 568 of the OTS Regulations. This plan shall be submitted to the Board for its approval.

2.3. Underwriting Policies. No later than 60 Business Days after the Effective Date, the Association shall enhance its written underwriting standards, which at a minimum shall comply with subsections 528.2 and 571.24 of the OTS Regulations. Such underwriting standards shall be available to the public upon request at each of the Offices of the Association. The Board shall designate an individual or individuals not directly involved in loan origination to review the Association's underwriting practices. Such review shall be documented and submitted to the Board on a quarterly basis.

2.4. Restitution for Excessive Interest. No later than 60 Business Days after the Effective Date, the Association shall (i) review all mortgage loans consummated by the institution that were originated during the period from January 1, 1990 through June 30, 1992, and (ii) calculate and make any restitution the Association must-pay in connection with such loans for failure to disclose the true cost of credit in accordance with Section 108 of the Truth in Lending Act, 15 U.S.C. §1607 et seq. and Regulation Z. Following the action taken in accordance with the preceding sentence, the Association shall provide to the OTS a written description of the names, loan numbers, the amount and date of payment of such restitution. An Executive Officer of the Association shall certify as to the accuracy of such written description.

III. BOARD OF DIRECTORS

3.1. Compliance with Agreement.

(a). The Board and Executive Officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.

(b). The Board, on a monthly basis, shall adopt a Board Resolution (the "Compliance Resolution") formally 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 Agreement currently in effect, except as otherwise stated. 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 issued by the Regional Director that were outstanding as of the date of its adoption.

(c). The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each Director voting in favor of its adoption; and (ii) 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.

(d). No later than the 25th Business Day of the month following the end of a calendar quarter, beginning with the end of the first calendar quarter following the Effective Date, the Association shall provide to the Regional Director a certified true copy of the Compliance Resolutions adopted at the Board meeting of each month in such calendar quarter. The Board, by virtue of the Association's submission of a certified true copy of each 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 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 the Association.

IV. MISCELLANEOUS

4.1. Definitions:

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms used in this Agreement have the meanings assigned to them in this Section 4.1 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 FDIA, 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 Agreement shall have the meanings that accord with the best custom and usage in the thrift and banking industries.

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

"Business Day" means any weekday excluding Federal holidays.

"Director" shall mean any current or former member of the Association's Board of Directors.

"Executive Officer" shall have the meaning set forth in Section 215.2(d) of the Federal Reserve Board Rules and Regulations, 12 C.F.R. § 215.2(d).

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

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

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

"Officer" shall have the meaning set forth in Section 561.35 of the OTS Regulations, 12 C.F.R. § 561.35.

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

"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).

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

"State" means the state of New Jersey.

4.2. Successor Statutes, Regulations, Guidance, Amendments.

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.

4.3. Notices.

(a). 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:

(1) 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, 10 Exchange Place, 18th floor, Jersey City, New Jersey 07302 or telecopied to (201)413-7516 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(2) 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 Farnsworth Avenue & Route 130, Bordentown, New Jersey 08505 or telecopied to (609)298-5321 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(b). 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 Agreement, 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.

4.4. Duration, Termination or Suspension of Agreement.

(a). This Agreement 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).

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

4.5. Effect of Headings.

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

4.6. Separability Clause.

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.

4.7. Successors in Interest/Benefit.

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, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

4.8. Signature of Directors.

Each Director signing the Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Association.

4.9. Enforceability of Agreement.

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.

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 (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE ASSOCIATION

By:

By:

/s/

/s/

Name: Robert C. Albanese
Title: Regional Deputy Director

Name: *GARY N. PELEHATY*
Chief Executive Officer

DIRECTORS OF THE ASSOCIATION

/s/

/s/

Director

~~Director~~

/s/

/s/

Director

Director

/s/

/s/

Director

Director

/s/

/s/

Director

Director

CERTIFIED COPY OF
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of Bordentown-Peoples Savings and Loan Association ("the Association") hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Association was held on January 18, 1993;
2. At said meeting a quorum was present and voting throughout;
3. The following is a true copy of resolutions duly adopted by the Association's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

WHEREAS, the Board of Directors of the Association wishes to cooperate with the OTS and to demonstrate that said Board and the Association have the intent and ability to comply with all applicable laws and regulations;

WHEREAS the Directors of the Association have read and considered the proposed Supervisory Agreement ("Agreement") which shall be attached to the minutes of this meeting; and

WHEREAS after due consideration, the Directors of the Association have determined to cause the Association to enter into the proposed Agreement which is in the best interest of the Association;

NOW THEREFORE, BE IT RESOLVED, that the Association be and it hereby is authorized to enter into the Agreement in the form attached to the minutes of the meeting,

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved,

FURTHER RESOLVED, that the Directors and Officers of the Association be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Association to comply in all respects with the terms of the Agreement.

4. All members of the Board of Directors were present and voted at the meeting (except William E. Fasick) and all members of the Board of Directors (except _____) voted in favor of the resolution;

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association on this 25 day of January, 1993.

/s/

Name: Charles Alessi

Title: Secretary

(SEAL)