

## ADDENDUM TO SUPERVISORY AGREEMENT

This Addendum to Supervisory Agreement ("Addendum") is made and is effective this 24<sup>th</sup> day of November, 1992 (the "Effective Date"), by and between The Boston Five Cents Savings Bank, FSB ("The Boston Five" or the "Institution"), a federally chartered stock institution, having its main office located at Ten School Street, Boston, Massachusetts, through its Board of Directors ("Board") 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., through the Regional Deputy Director for Boston Area Office. This Addendum is intended to be an Addendum to the original Supervisory Agreement entered into between the Institution and the OTS on November 1, 1991 (the "Original Agreement"). The Original Agreement and this Addendum are hereinafter referred to collectively as the "Agreement".

**I. COMPLIANCE WITH LAWS AND REGULATIONS**

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

(a) 571.21 of the OTS Regulations, 12 C.F.R. §571.21 (regarding service corporations);

(b) Sections 563.160 and 571.26 of the OTS Regulations, 12 C.F.R. §§563.160 and 571.26 (regarding classification of assets);

(c) Section 563.170(c)(1)(iv) and Part 564 of the OTS Regulations, 12 C.F.R. §§563.170(c)(1)(iv) and 564.1 et seq. (regarding appraisals); and

(d) Part 562 of the OTS Regulations, 12 C.F.R. Part 562 (regarding regulatory reporting standards).

**II. CORRECTIVE PROVISIONS****2.1. Mortgage Banking.**

Within sixty (60) days of the Effective Date, the Board shall adopt and implement a Mortgage Banking Policy that establishes adequate accounting practices and internal controls for mortgage banking activities. Such policy shall include, but not be limited to, the following requirements:

(a) maintenance of documentation for the assumptions used in valuing purchased mortgage servicing rights and excess servicing fees;

(b) identification of the internal and external sources of prepayment assumptions considered to be acceptable;

(c) selection of external sources of expertise to independently value purchased mortgage servicing rights at least annually;

(d) identification of necessary authorizations and existing conditions to support the sale of servicing rights;

(e) utilization of the internal audit function to verify compliance with policies and procedures, including the adopted hedging policy on interest rate risk for the mortgage banking function, the accuracy of source data, and the adequacy of EDP based components of the accounting system; and

(f) identification of the reporting responsibilities of the internal audit function concerning deficiencies involving the mortgage banking function.

## 2.2. Asset Quality.

A. Within ten (10) days of the Effective Date, the Institution shall charge off or establish specific reserves for all assets classified "Loss" in the OTS ROE.

B. Within ten (10) days of the Effective Date, the Institution shall establish general loss reserves of at least \$21 million.

## 2.3. Joint Venture Partnerships and Real Estate Owned.

Within thirty (30) days from the Effective Date, the Institution shall provide to the Regional Deputy Director a written plan to reduce the exposure of joint venture projects and real estate acquired through foreclosure in excess of \$2 million, with targeted amounts and dates. This overall plan shall consist of and be supported by a specific plan for each such project or property, detailing the strategy for its disposal. The individual plans shall include, at a minimum:

(a) information concerning the current status of each project, including the Institution's net exposure, third party debt ("TPD"), outstanding purchase and sales agreements, other interest expressed in such projects, and current financial capacity and liability of partners;

(b) the anticipated disposal date and sales price as currently contemplated;

(c) the anticipated disposal date and sales price based on a quick sale (within twelve to eighteen months); and

(d) additional anticipated operating performance, itemizing gross revenues less expenses that have been incurred during the reporting period, as well as estimating those that will be incurred prior to disposal under scenarios (b) and (c) above. Each such plan shall be updated quarterly. Such updates shall be submitted to the Regional Deputy Director within thirty (30) days of the end of each calendar quarter and shall describe current conditions and progress toward resolution as set forth in the original plan.

#### 2.4. Real Estate Appraisals.

A. The Institution shall only accept appraisal reports that satisfy the appraisal requirements of Part 564 of the OTS Regulations with respect to each loan that the Institution makes on the security of real estate for the purpose of compliance with Section 563.170(c)(1)(iv) of the OTS Regulations.

B. The Institution shall maintain documentation to evidence that the performances of all approved appraisers, including appraisers who are employees of the Institution's appraisal subsidiary, are reviewed at least annually in accordance with Section 564.8(c)(3) of the OTS Regulations.

#### 2.5. Service Corporations.

The Institution and its service corporation subsidiaries shall be operated in a manner that maintains the separate corporate existence of each service corporation and the Institution in accordance with Sections 563.37(a) and 571.21 of the OTS Regulations.

### III. MISCELLANEOUS

#### 3.1. Definitions.

For all purposes of the Agreement, except as otherwise expressly provided or unless the context otherwise requires: (a) the terms used in the Agreement 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 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.

"Advisory Memoranda" refers to, inter alia, Regulatory and Thrift Bulletins issued by the staff (or agents) of the OTS (or its predecessors in interest).

"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 Institution's Board of Directors.

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

"FDIC" refers to the Federal Deposit Insurance Corporation.

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

"Make" means (1) in the context of making a loan, to enter into a binding obligation (whether or not memorialized in writing) to provide loan funds; and (2) the obtaining of a lender's interest in a pre-existing debt whether through a purchase, swap, or otherwise.

"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 Deputy Director" or his successor refers to the Regional Deputy Director for the Boston Area Office of the Northeast region of OTS. All references to the Regional Deputy Director shall include the Regional Deputy Director and/or his designee(s).

"Subsidiary" or "subsidiaries" shall have the meaning set forth in Section 567.1(dd) of the OTS Regulations, and subsidiaries of such entities.

### 3.2. Successor Statutes, Regulations, Guidance, Amendments.

Reference in the 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.

### 3.3. 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 Institution, 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 Deputy Director, Office of Thrift Supervision, Department of the Treasury, 745 Atlantic Avenue, Suite 405, Boston, MA 02111 or telecopied to (617) 423-1957 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

(2) the Institution 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 Institution at Ten School Street, Boston, MA 02108-5155 or telecopied to (617) 523-0366 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 the 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.

#### 3.4. Duration, Termination or Suspension of Agreement.

A. The Agreement shall remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Deputy Director (including any authorized designee thereof).

B. The Regional Deputy Director in his or her sole discretion, may, by written notice, suspend any or all provisions of the Agreement.

#### 3.5. Effect of Headings.

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

#### 3.6. Separability Clause.

In case any provision in the 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 Deputy Director in his sole discretion determines otherwise.

3.7. No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted; FDICIA Controlling.

A. Nothing in the Agreement shall be construed as: (1) allowing the Institution to violate any law, rule, regulation, or policy statement to which it is subject or (2) restricting, in any way, the OTS from taking any action(s) that it believes are appropriate in fulfilling the responsibilities placed upon it by law.

B. To the extent that any provision of the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102-242, 105 Stat. 2236 (December 19, 1991) ("FDICIA") or any regulation(s) promulgated thereunder imposes more restrictive requirements than any provision contained in the Agreement (either expressly or through OTS interpretive Bulletins or policy statements), such provision(s) of the FDICIA or such regulation(s) shall be controlling.

3.8. Successors in Interest/Benefit.

The terms and provisions of the Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in the 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 the Agreement.

3.9. Signature of Directors.

Each Director signing the Addendum 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 Addendum, authorizing the execution of this Addendum by the Institution.

3.10. Enforceability of Agreement.

The Institution represents and warrants that this Addendum has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. The Institution acknowledges that the Agreement, including this Addendum, 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 Deputy Director and the Institution, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Addendum as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE INSTITUTION

By:

By:

Name:  
Title:

Name:  
Chief Executive Officer

DIRECTORS OF THE INSTITUTION

Director

CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS

I, the undersigned, being the duly appointed and qualified Secretary of The Boston Five Cents Savings Bank, FSB ("the Institution") hereby certify as follows:

1. A duly called meeting of the Board of Directors of the Institution was held on Nov. 18, , 1992;
2. At said meeting a quorum was present and voting throughout;
3. The following is a true copy of resolutions duly adopted by the Institution'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 Institution wishes to cooperate with the OTS and to demonstrate that said Board and the Institution have the intent and ability to: (1) comply with all applicable laws and regulations and (2) engage in safe and sound practices; and

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

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

NOW THEREFORE, BE IT RESOLVED, that the Institution be and it hereby is authorized to enter into the Addendum 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 Addendum be, and they hereby are, authorized and approved,

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

4. All members of the Board of Directors were present and voted at the meeting (except Mr. Webster A. Collins) 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 Institution on this 20th day of November, 1992.

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Name: J. Barbara Magnuson  
Title: Corporate Secretary

(SEAL)