IN THE MATTER OF ISN BANK	)	STATE OF NEW JERSEY
	)	DEPARTMENT OF
CHERRY HILL, NEW JERSEY	)	BANKING AND INSURANCE

ORDER TO CEASE AND DESIST
UNSAFE AND UNSOUND
PRACTICES (ORDER)

TO: ISN BANK
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Cherry Hill, New Jersey 08002

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Chairman of the Board
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BOARD OF DIRECTORS
ISN BANK

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WHEREAS, the Commissioner of Banking and Insurance of the State of New Jersey ("Commissioner") is responsible for the administration and enforcement of the Banking Act of 1948, N.J.S.A. 17:9A-1 et seq.; and

WHEREAS, pursuant to N.J.S.A. 17:9A-267, the Commissioner may order a bank to cease unsafe and unsound practices if he finds that a bank is conducting its business in an unsafe and unsound manner; and

WHEREAS, ISN Bank ("The Bank") has been and is presently operating in an unsafe and unsound manner as evidenced by the joint Report of Examination performed by the Department of Banking and Insurance ("Department") and the Federal Deposit Insurance Corporation (FDIC) as of close of business October 22, 2007 ("Report of Examination") which disclosed the following unsafe and unsound practices and violations:

(a) Operating with a Board of Directors which has failed to provide adequate supervision over, and direction to, the operating management of the Bank to prevent unsafe or unsound banking practices and violations of law, rule or regulation;

(b) Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(c) Failing to provide the Bank with adequate management and staff who have the experience that is adequate to ensure safe and sound operation of the Bank and to ensure compliance with applicable laws and regulations;

(d) Engaging in hazardous lending and lax collection practices, including, but not limited to:

(1) Failing to establish and enforce adequate loan repayment programs;

(2) Failing to provide for the type and quality of loan underwriting and

credit analysis consistent with prudent industry standards;

(3) Extending credit to borrowers without adequate repayment capacity or sufficient cash flow from the project financed; and

(4) Operating with an excessive concentration of credit in its construction loan portfolio.

(e) Operating with an excessive level of adversely classified loans or assets, and/or delinquent loans and/or non-accrual loans;

(f) Operating with an unsatisfactory level of capital in relation to the kind and quality of assets held by the Bank;

(g) Operating with inadequate earnings to cover losses, support operations and augment capital;

(h) Operating with an unrealistic Strategic Plan and budget; and

(i) Operating the Bank in such a manner as to fail to comply with the Memorandum of Understanding between the Department, FDIC and the Bank dated April 19, 2006.

IT IS THEREFORE ORDERED, pursuant to N.J.S.A. 17:9A-267, that the Bank, its Board of Directors, officers and employees correct the foregoing unsafe and unsound practices and that it institute all measures necessary to correct said unsafe and unsound practices and conditions including, but not limited to, the following:

1. (a) Within 60 days from the effective date of this ORDER, the Board of Directors shall engage an independent third party acceptable to the Commissioner that possesses the appropriate expertise and qualifications to analyze and assess the Bank's management and staffing needs. The engagement shall require that the analysis and assessment shall be summarized in a written report to the Board of Directors ("Management Report"), which at a minimum shall:

i. identify the type and number of officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies and additional needs giving appropriate consideration to the size and complexity of the Bank;

ii. identify the type and number of staff positions needed to carry out the Strategic Plan described in paragraph 13 of this ORDER, detailing any vacancies and additional needs;

iii. identify the authorities, responsibilities, and accountabilities attributable to each position, as well as the appropriateness of the authorities, responsibilities, and accountabilities, giving due consideration to the relevant knowledge, skills, abilities, and experience of the incumbent (if any) and the existing or proposed compensation;

iv. present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

v. establish a plan to recruit and retain qualified personnel consistent with the Management Report's analysis and assessment of the Bank's management and staffing needs;

vi. identify training and development needs and present a plan to provide such training and development to the appropriate personnel; and

vii. present procedures to provide for an annual review and update of the Management Plan, including a review and assessment of the performance of each officer and staff member.

The engagement also shall require that on the date the Management Report is delivered to the Board of Directors, a copy of the Management Report shall be delivered simultaneously to the Commissioner and the Regional Director of the New York Regional Office of the FDIC ("Regional Director").

(b) The Bank shall provide the Commissioner and the Regional Director with a copy of the proposed engagement letter or contract with the third party before it is executed. The contract or engagement letter shall, at a minimum, include:

(i) a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) the identification of the professional standards covering the work to be performed;

(iv) identification of the specific procedures to be used when carrying out the work to be performed;

(v) the qualifications of the employee(s) who are to perform the work;

(vi) the time frame for completion of the work;

(vii) any restrictions on the use of the reported findings;

(viii) a provision for unrestricted access to work papers of this third party by the Department and the FDIC; and

(ix) a certification that the firm or individual is not affiliated in any manner with the Bank.

(c) Within 30 days of receipt of the Management Report, the Board of Directors will develop a written plan that incorporates the findings of the Management Report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action (the "Management Plan"). A copy of the Management Plan and any subsequent modification thereto shall be submitted within five (5) days after preparation and/or modification of the Management Plan to the Commissioner and the Regional Director. Within 30 days from receipt of any comment from the Commissioner and/or Regional Director, and after consideration of such comment, the Board of Directors shall approve the Management Plan, which approval shall be recorded in the minutes of the next meeting of the Board of Directors. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board of Directors to fully implement the Management Plan within the specified time frames. In the event the Management Plan, or any portion thereof, is not implemented, the Board of Directors shall immediately advise the Commissioner and the Regional Director in writing of the specific reasons for deviating from the Management Plan.

2. (a) The Bank shall have and retain qualified management and adequate staffing, including, but not limited to, a President and a Senior Lending Officer, with the requisite knowledge, skills, ability, and experience, giving consideration to the size and complexity of the Bank, to operate the Bank in a safe and sound manner, and in compliance with applicable laws and regulations, and restore the Bank to a satisfactory financial condition. Each member of management shall be provided appropriate written authority from the Bank's Board of Directors to implement the provisions of this ORDER.

(b) To facilitate having and retaining qualified management and adequate staffing, the Bank shall recruit and hire and/or retain management and staffing as required by the Management Plan in paragraph 1(c).

(c) During the life of this ORDER, the Bank shall provide written notification to the Commissioner and the Regional Director of the resignations or terminations of any of its Senior Executive Officers, as defined by 12 C.F.R. § 303.101(b), or members of the Board of Directors within fifteen days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the Federal Deposit Insurance Act (FDI Act), 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 303.100 – 303.103. In addition, the Bank shall provide written notification to the Commissioner and the Regional Director of any proposed new Senior Executive Officer or member of the Board of Directors at least 30 days prior to the date such proposed Senior Executive Officer or Board member is to begin service; such notification shall include a description of the background and experience of the proposed Senior Executive Officer or Board member. Such changes will be effective upon the approval by the Commissioner and the Regional Director.

3. (a) Within 30 days from the effective date of this ORDER, the Board of Directors shall develop a written analysis and assessment ("New Directors' Plan") to determine the number of new directors to be added to the Board of Directors. The New Directors' Plan shall indicate the rationale for the number of new directors to be added to the Board of Directors and require that a majority of the new directors be independent with respect to the Bank.

(b) For purposes of this ORDER, an individual who is "independent with respect to the Bank" shall be any individual who:

(i) is not employed in any capacity by the Bank, other than as a director;

(ii) does not own or control more than 5 percent of the outstanding shares of the Bank; and

(iii) is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning more than 5 percent of the outstanding shares of the Bank, and who does not otherwise share a common financial interest or business relationship with such officer, director or shareholder.

(c) Within 60 days after approval by the Board of Directors of the New Directors' Plan, the Bank shall add new directors to the Board of Directors in accordance with paragraphs 3(a) and 3(b).

(d) The addition of any new director required by this paragraph may be accomplished, to the extent permissible by state statute or the Bank's by-laws, by means of appointment or election at a regular or special meeting of the Bank's shareholders. The Bank shall cause its articles of incorporation or by-laws or other governing corporate instrument to be amended to reflect the action required by this paragraph.

4. (a) Within 45 days of the effective date of this ORDER, the Board shall develop a capital plan to achieve and maintain Tier 1 capital (as defined in Part 325 of the FDIC's Rules and Regulations) at least equal to 7.5 percent, after establishing adequate allowance for loan and lease losses. Approval of the plan shall be recorded in the minutes of the meetings of the Board of Directors and a copy of the capital plan shall be submitted immediately to the Commissioner and the Regional Director. Thereafter, the Bank shall implement and fully comply with the capital plan.

(b) In the event that the Tier 1 capital ratio falls below the established minimum, the Bank shall immediately notify the Commissioner and the Regional Director; and, in accordance with the Bank's capital plan, shall achieve and maintain the established minimum within the following timeframe:

(i) within 45 days of such notification to the Commissioner and the Regional Director, the Bank shall increase Tier 1 capital at least equal to 7.0 percent; and

(ii) within 90 days of such notification, the Bank shall increase Tier 1 capital at least equal to 7.5 percent.

(c) Any increase in capital necessary to meet the requirements of the provisions of this paragraph may be accomplished by the following:

(i) the sale of new securities in the form of common stock;

(ii) the sale of noncumulative perpetual preferred stock;

(iii) the direct contribution of cash by the directors or shareholders of the Bank; or

(iv) any other method acceptable to the Department and approved in advance in writing by the Commissioner.

(d) No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's allowance for loan and lease losses or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of Bank or affiliate stock or other securities, or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

(e) If all or part of the increase in capital required by the provisions of this paragraph is accomplished by the sale of new securities, the Board of Directors of the Bank shall adopt and implement a plan for the sale of such additional securities, including the voting of any shares owned or proxies held or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with the applicable securities laws. Prior to the implementation of the plan and, in any event, not less than 15 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the Commissioner, the Regional Director, and the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6043, Washington, D.C. 20429. Any changes requested by the Department and/or FDIC to be made in the plan or materials shall be made prior to their dissemination. If the Commissioner and

Regional Director allows any part of the increase in Tier 1 capital to be provided by the sale of noncumulative perpetual preferred stock, then all terms and conditions of the issue, including but not limited to those terms and conditions relative to the interest rate and any convertibility factor, shall be presented to the Commissioner and Regional Director for prior approval.

(f) In complying with the provisions of this paragraph, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other changes which are materially different from the information reflected in any offering materials used in connection with the sale of Bank securities. The written notice required by this paragraph shall be furnished within 10 days from the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every subscriber and/or purchaser of the Bank's securities who received or was tendered the information contained in the Bank's original offering materials.

(g) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations.

5. (a) Within 60 days from the effective date of this ORDER, the Bank shall establish a mechanism to identify existing and potential concentrations of credit exceeding 25 percent of the Bank's Tier 1 capital on any date. The Board of Directors shall regularly review such existing and potential concentrations of credit. The Bank shall also develop and submit a written plan to the Commissioner and the Regional Director for systematically reducing and monitoring the Bank's portfolio of loans, securities, or other extensions of credit advanced or committed, directly or indirectly, to or for the benefit of any borrowers in construction loans (the

"concentration plan") as listed on the Concentrations page in the Report of Examination, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location. At a minimum, the concentration plan shall be approved by the Board of Directors and include:

(i) dollar levels and percent of capital to which the Bank shall reduce each concentration;

(ii) time frames for achieving the reduction in dollar levels identified in response to (i) above;

(iii) provisions for the submission of monthly written progress reports to the Bank's Board of Directors for review and notation in minutes of the meetings of the Board of Directors ("Board minutes"); and

(iv) procedures for monitoring the Bank's compliance with the plan.

6. Within 10 days from the effective date of this ORDER, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" and 50 percent of all assets or portions of assets classified "Doubtful" in the Report of Examination that have not been previously collected or charged off. If an asset classified "Doubtful" is a loan or a lease, the Bank may, in the alternative, increase its allowance for loan and lease losses by an amount equal to 50 percent of the loan or lease classified "Doubtful". Additionally, as long as this ORDER remains in effect, within 30 days after the receipt of any future Report of Examination of the Bank from the Department and/or FDIC, the Bank shall eliminate from its

books, by charge-off or collection, all assets or portions of assets classified "Loss" and 50 percent of all assets or portions of assets classified "Doubtful" in the Report of Examination that have not been previously collected or charged off. If an asset classified "Doubtful" is a loan or a lease, the Bank may, in the alternative, increase its allowance for loan and lease losses by an amount equal to 50 percent of the loan or lease classified "Doubtful". Elimination or reduction of assets through proceeds of other loans made by the Bank is not considered collection for purposes of this provision.

7. (a) Within 90 days from the effective date of this ORDER, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of $250,000 classified "Substandard" or "Doubtful" or listed for "Special Mention" in the Report of Examination. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification or Special Mention by the Department and the FDIC. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified or Special Mention loan or lease:

(i) review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources;

(ii) evaluate the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position;

(iii) prepare a schedule for reducing the outstanding dollar amount of each adversely classified asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its expected dollar balance on a semi-annual basis);

(iv) develop specific action plans intended to reduce the Bank's risk exposure in each classified asset; and weaknesses identified in loans listed for Special Mention;

(v) prepare a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus the allowance for loan and lease losses;

(vi) contain a provision for the Bank's submission of monthly written progress reports to its Board of Directors; and

(vii) contain a provision mandating review by the Board of Directors of the progress reports, with a notation of the review recorded in the Board minutes.

(b) The plan mandated by this provision shall further require a reduction in the aggregate balance of assets classified "Substandard" and "Doubtful" in the Report of Examination in accordance with the following schedule. For purposes of this paragraph, "number of days" means number of days from the effective date of this ORDER.

(i) Within 180 days, to not more than 65 percent of Tier 1 capital plus the allowance for loan and lease losses as determined at the end of the 180 day period.

(ii) Within 1 year, to not more than 40 percent of Tier 1 capital plus the allowance for loan and lease losses as determined at the end of the year.

(iii) Within 540 days, to not more than 25 percent of Tier 1 capital plus the allowance for loan and lease losses as determined at the end of the year.

(c) The requirements of this paragraph do not represent standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified assets. The plan may include a provision for increasing Tier 1 capital when necessary to achieve the prescribed ratio.

(d) The Bank shall immediately submit the plan to the Commissioner and the Regional Director. Within 30 days from receipt of any comment from the Commissioner and Regional Director, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the Board minutes. Thereafter, the Bank shall implement and fully comply with the plan.

(e) The Bank shall send quarterly progress reports on the status of each criticized asset equal to or exceeding $250,000 to the Commissioner and the Regional Director as part of the Progress Reports required by paragraph 20.

(f) Additionally, as long as this ORDER is in effect the requirements of this paragraph shall apply to any future Report of Examination of the Bank issued by the Department and/or FDIC.

8. While this ORDER is in effect, the Bank shall not extend, directly or indirectly,

any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or classified "Loss". Additionally, while this ORDER is in effect, the Bank shall not make any further extensions of credit, directly or indirectly, to any borrower whose loans are adversely classified "Substandard" or "Doubtful" or listed as "Special Mention" by the Department and/or the FDIC, without prior approval by the Bank's Board of Directors. The Bank's Board of Directors shall not approve the proposed extension without first making affirmative determination that:

(i) The extension of credit is in full compliance with the Bank's loan policy;

(ii) The extension of credit is necessary to protect the Bank's interests, or is adequately secured;

(iii) The Bank found the primary and secondary obligors to be creditworthy based on a credit analysis;

(iv) An appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended; and

(v) All necessary loan documentation is on file, including, at a minimum, current financial and cash flow information, and satisfactory appraisal, title and lien documents.

The affirmative determination shall be recorded in the Board minutes, with a copy retained in the borrowers' credit files.

9. (a) Within 30 days from the effective date of this ORDER, the Board of

Directors shall establish a comprehensive policy and methodology for determining the adequacy of the Allowance for Loan and Lease Losses (ALLL). For the purpose of this determination, the adequacy of the ALLL shall be determined after the charge-off of all loans or other items classified "Loss". The policy shall provide for a review of the ALLL at least once each calendar quarter and be completed at least 10 days prior to the end of each quarter in order that the results of the review conducted by the Board of Directors may be properly reported in the quarterly Reports of Condition and Income. Such reviews shall, at a minimum, include the following:

(i) the Federal Financial Banks Examination Council's Instructions for the Reports of Condition and Income, the Interagency Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the adequacy of the Bank's ALLL, and any analysis of the Bank's ALLL provided by the Department and the FDIC;

(ii) the volume and mix of the overall loan portfolio, including trends in the portfolio mix by loan type and geography, trends in the severity of nonperforming or delinquent loans, trends in the severity of weaknesses in extensions of credit identified as "Special Mention" and adversely classified in the latest Report of Examination;

(iii) the previous loan loss experience by loan type,

(iv) the degree of risk associated with renewed and extended loans;

(v) the volume, trend, rate and duration of loan growth;

(vi) the results of internal loan reviews;

(vii) concentrations of credit and significant individual credits;

(viii) present and prospective economic conditions, generally and locally;

(ix) off-balance sheet credit risks; and

(x) any other factors appropriate in determining future allowances, including changes in the Bank's strategic plan, and loan products and markets.

(b) A deficiency in the ALLL shall be remedied in the calendar quarter in which it is discovered by a charge to current operating earnings prior to any Tier 1 capital determinations required by this ORDER and prior to the Bank's submission of its Report of Condition and Report of Income. The Board of Directors shall thereafter maintain an adequate ALLL.

(c) The Board minutes for the meeting at which such review is undertaken shall indicate the results of the review.

(d) The Bank's policy for determining the adequacy of the ALLL and its implementation shall be satisfactory to the Department and the FDIC as determined at subsequent examinations and/or visitations.

10. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate a written plan for the reduction and collection of delinquent loans. For purposes of this provision, "reduce" means to charge-off, collect, or bring payments current. The plan shall include, but not be limited to, provisions which:

(i) prohibit the extension of credit for the payment of interest or fees;

(ii) delineate responsibilities for implementing and monitoring the Bank's collection policies;

(iii) establish specific collection actions and procedures to be instituted at various stages of a borrower's delinquency;

(iv) establish specific dollar levels to which the total dollar volume of delinquencies will be reduced within six and twelve months from the effective date of this ORDER; and

(v) provide for the submission of monthly written progress reports to the Bank's Board of Directors for review and notation in the Board minutes.

Additionally, any exceptions to the written plan for the reduction and collection of delinquent loans shall be supported by a detailed written statement by the Board of Directors giving the reasons why such exception is in the best interest of the Bank. A copy of such statement shall be placed in the appropriate loan file and shall be incorporated in the Board minutes.

(b) Within 180 days of the effective date of this ORDER, the Board of Directors shall reduce the number and volume of delinquent and non-accrual loans to not more than 5 percent of gross loans. The Board of Directors shall submit reports monthly to the Department and the FDIC that reflect loan delinquency levels, ratios and trends three days after the Board's monthly meeting.

11. (a) Within 60 days from the effective date of this ORDER, and annually thereafter, the Board of Directors of the Bank shall review the Bank's loan policies and

procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures necessary to strengthen the Bank's asset quality and lending functions and to prevent further deterioration. As required by this paragraph, the Bank's loan policies shall be enhanced to include, at a minimum, provisions that:

(i) establish lending limits for each officer, including limitations on the aggregate level of credit to any one borrower that can be granted without the prior approval of the Bank's loan committee;

(ii) establish review and monitoring procedures to ensure that all lending personnel are adhering to established lending procedures, and that the directorate is receiving timely and fully documented reports on loan activity, including reports that identify deviations from established policy and the loan officers responsible for the deviations;

(iii) require that for all extensions of credit originated or renewed by the Bank, including loans purchased from a third party (loan participations):

a. have a clearly defined and stated purpose;

b. have a predetermined and realistic repayment source and schedule, including secondary source of repayment;

c. are supported by complete loan and collateral documentation, including lien searches, perfected security interests, and collateral valuations; and

d. are supported by current financial information, profit and loss statements or copies of tax returns, and cash flow projections, which information shall be maintained throughout the term of the loan; and are otherwise in conformance with the Bank's lending policies and procedures;

(iv) require that extensions of credit to any of the Bank's executive officers, directors, or principal shareholders, or to any related interest of such person, be reviewed for compliance with all applicable provisions of 12 C.F.R. Part 215 ("Regulation O") and Part 337 of the FDIC's Rules and Regulations, 12 C.F.R. Part 337;

(v) address concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

(vi) establish review and monitoring procedures for compliance with the FDIC's appraisal regulation, 12 C.F.R. Part 323;

(vii) require loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans; and

(viii) establish an effective "loans to one borrower" report that lists direct and indirect obligations of borrowers and guarantors, displaying borrowing relationships in dollar volume order with the largest relationships listed first, and which shall be monitored by Bank management to identify any existing or potential concentrations of credit.

(b) The Bank shall approve the policy, with its approval recorded in the Board minutes. The policy and its implementation shall be in a form and manner acceptable to the Commissioner and the Regional Director as determined at subsequent examinations and/or visitations.

12. (a) Within 30 days of the effective date of this ORDER, the Board of Directors shall develop a program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits. At a minimum, the system shall provide for:

(i) prompt identification of loans with credit weaknesses that warrant the special attention of management, including the name of the borrower, amount of the loan, reason why the loan warrants special attention; and assessment of the degree of risk that the loan will not be fully repaid according to its terms;

(ii) assessment of the overall quality of the loan portfolio;

(iii) the identification and amount of each delinquent loan;

(iv) identification of credit and collateral documentation exceptions and an action plan to address the identified deficiencies;

(v) identification and status of violations of laws, rules, or regulations with respect to the lending function and an action plan to address the identified violations;

(vi) identification of loans that are not in conformance with the Bank's lending policy and an action plan to address the identified deficiencies;

(vii) identification of loans to directors, officers, principal shareholders, and their related interests; and

(viii) a mechanism for reporting periodically, but in no event less than quarterly, to the Board of Directors on the status of each problem loan identified and the action(s) taken by management with respect to problem credits.

(b) A written report of the Bank's internal loan review shall be submitted to the Board of Directors quarterly, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits. The quarterly internal loan review and grading report shall be kept with the Board minutes.

13. (a) Within 60 days from the effective date of this ORDER, the Board of Directors shall formulate a comprehensive written business/strategic plan covering an operating period of at least three years for the Bank ("Strategic Plan"). The Strategic Plan shall contain an assessment of the Bank's current financial condition and market area along with a description of the operating assumptions that form the basis for major projected income and expense components of the assessment.

(b) The Strategic Plan shall include short term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms, and contain intermediate goals and project plans, and long-range goals and project plans. Additionally, the Strategic Plan shall, at a minimum, include:

(i) strategies for pricing policies and asset/liability management;

(ii) anticipated average maturity and average yield on loans and securities, average maturity and average cost of deposits, the level of earning assets as a percentage of total assets and the ratio of net interest income to average earning assets;

(iii) dollar volume of total loans, total investment securities and total deposits;

(iv) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) financial goals including pro forma statements for asset growth, capital adequacy and earnings; and

(vi) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the Strategic Plan within 5 days of adoption to the Commissioner and the Regional Director. Within 30 days after the receipt of any comment from the Commissioner and the Regional Director and after due consideration of any recommended changes, the Bank shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the next meeting of the Board of Directors.

(d) The Bank shall implement and fully comply with the Strategic Plan after completion of the requirements of paragraph 13(c) above.

14. (a) Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Board of Directors shall develop and fully implement a written plan consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions required by this Order (the "Profit Plan"). The Profit Plan shall, at a minimum, include:

(i) identification of the major areas in and means by which the Board of Directors will seek to improve the Bank's operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the ALLL;

(iii) realistic and comprehensive budgets for all categories of income and expense items;

(iv) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(v) coordination of the Bank's loan, investment, funds management, and operating policies; strategic plan; and ALLL methodology with the profit and budget planning;

(vi) a budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly; recording the results of the evaluation and any actions taken by the Bank in the minutes of the meeting of the Board of Directors at which such evaluation is undertaken; documenting reasons for any significant variances on not less than a quarterly basis; and

(vii) individual(s) responsible for implementing each of the goals and strategies of the Profit Plan.

(b) The Bank shall submit the Profit Plan and any subsequent modification to the Commissioner and the Regional Director. Within 30 days from receipt of any comment from the Commissioner and the Regional Director and after due consideration of any recommended changes, the Bank shall approve the Profit Plan, which approval shall be recorded in the minutes of the next meeting of the Board of Directors.

(c) The Bank shall implement and fully comply with the Profit Plan after completion of the requirements of paragraph 14(b) above.

(d) Copies of the quarterly reports required by paragraph 14(a)(vi) shall be submitted to the Commissioner and the Regional Director by the 30^{th} day after the end of the calendar quarter following the effective date of this ORDER, and by the 25^{th} day after the end of every calendar quarter, thereafter.

15. During the life of this ORDER, the Bank shall forward copies of any external audit reports, along with the engagement letter, management letter regarding internal control

deficiencies and any Bank response, to the Commissioner and the Regional Director within 10 days from the Bank's receipt of such documents.

16. While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the Commissioner and the Regional Director.

17. Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank's next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6043, Washington, D.C. 20429 and New Jersey Department of Banking and Insurance, 20 West Street, Trenton, New Jersey 08625, at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the Department and the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

18. While this ORDER is in effect, the Bank shall not accept, renew or rollover brokered deposits other than as and to the extent permitted pursuant to section 29 of the FDI Act, 12 U.S.C. §1831f, as amended, and the FDIC's Rules and Regulations, including section 337.6, 12 C.F.R. § 337.6, as amended and supplemented. For the purposes of this ORDER, the term "brokered deposits" are defined in section 337.6(a)(2) of the FDIC's Rules and Regulations to

include any deposits managed by a trustee or custodian when each individual beneficial interest is entitled to or asserts a right to federal deposit insurance.

19. Effective immediately the Bank's Board of Directors shall appoint a committee ("Compliance Committee") composed of at least three directors who are not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Commissioner and the Regional Director, to monitor the Bank's compliance with this ORDER. Within 30 days from the effective date of this ORDER, and at monthly intervals thereafter, such Compliance Committee shall prepare and present to the Bank's Board of Directors a written report of its findings, detailing the form, content, and manner of any action taken to ensure compliance with this ORDER and the results thereof, and any recommendations with respect to such compliance. Such progress reports shall be included in the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board of Directors to ensure compliance with the provisions of this ORDER.

20. Within 30 days after the end of the month following the effective date of this ORDER, and within 25 days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the Commissioner and the Regional Director detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. This shall include the progress reports required by paragraphs 7(e) and 14(d) of this ORDER.

21. The Bank shall notify the Commissioner and the Regional Director immediately of any material adverse development affecting its condition, performance, or outlook.

22. Each paragraph of this ORDER shall be binding upon the Bank and all its officers, directors, employees, and their successors and assigns.

23. Each paragraph of this ORDER shall remain effective and enforceable until stayed, modified, terminated or suspended by the Commissioner.

24. In case any paragraph 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 paragraphs hereof shall not in any way be affected or impaired thereby.

25. Failure to comply with this ORDER may result in imposition of penalties upon the Bank, as provided by law or other appropriate supervisory action. In addition, if a director of the Bank takes an action, or fails to take an action, that contributes to the Bank's failure to comply with this ORDER, the director may be subject to penalties as provided by law or other appropriate supervisory action.

26. This ORDER is effective and enforceable 10 days from the date of its issuance by the Director on behalf of the Commissioner as set forth below.

IT IS SO ORDERED on this 31st day of March, 2008.

Terry K. McEwen, Director
Division of Banking

Consented to both as to form and substance:

Benjamin S. Friedman
Director

Jeffrey H. Gottlieb
Director

M. Brad Ingerman
Director

Carolyn Kaufman
Director

Todd C. Hunter
Director

Steven M. Swartz
Director