FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, D.C.

In the Matter of NEW MILLENNIUM BANK NEW BRUNSWICK, NEW JERSEY (INSURED STATE NONMEMBER BANK)	)))))))))	CONSENT ORDER FDIC-10-837b

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for New Millennium Bank, New Brunswick, New Jersey ("Bank"), under section 3(q) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting Board of Directors ("Board"), has executed a STIPULATION AND CONSENT TO THE ISSUANCE OF A CONSENT ORDER ("CONSENT AGREEMENT"), dated November 16, 2010, that is accepted by the FDIC. With the CONSENT AGREEMENT, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of law or regulation, including violations relating to certain consumer deposit products, prepaid access devices, and consumer lending products (collectively, "Consumer Products"), and inadequate supervision of third party service providers, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under section 8(b) of the Act, 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

BOARD PARTICIPATION

1. (a) The Board shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all of the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size.

(b) This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, delinquent, renewal, insider, charged off, and recovered loans; investment activity; interest rate risk; liquidity levels and funds management; adoption or modification of operating policies; individual committee reports; audit reports; internal control reviews including managements' responses; reconciliation of general ledger accounts, review of Consumer Products and any new or proposed products; oversight and supervision over third parties; any proposed new third-party relationships and a plan for the oversight and supervision of such third parties; and compliance with this ORDER. Board minutes shall document these reviews and approvals, including the names of any dissenting directors.

(c) The Bank shall notify the Regional Director of the FDIC's New York Regional Office ("Regional Director") and Commissioner of the New Jersey Department of Banking and Insurance ("Commissioner"), in writing of any additions, resignations or terminations of any members of its Board or any of its "senior executive officers" (as that term is defined in section 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101(b)) within 10 days of the event. Any notification required by this subparagraph shall include a description of the background(s) and experience of any proposed replacement personnel and must be received at least 30 days prior to the individual(s) assuming the new position(s). The Bank shall also establish procedures to ensure compliance with section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. Part 303.

MANAGEMENT

2. (a) The Bank shall have and retain qualified management. At a minimum, such management shall include: a chief executive officer with proven ability in managing a bank of comparable size and complexity and experience in upgrading a low quality loan portfolio; a senior lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio; a manager of credit card operations with experience in the types of credit card products offered by the Bank; and a chief financial officer with demonstrated ability in all financial areas including, but not limited to, accounting, regulatory reporting, budgeting and planning, management of the investment function, liquidity management, and interest rate risk management. The Board shall provide the necessary written authority to management to implement the provisions of this ORDER.

(b) The qualifications of management shall be assessed on its ability to:

(i) comply with the requirements of this ORDER;

(ii) operate the Bank in a safe and sound manner;

(iii) comply with applicable laws, rules, and regulations; and

(iv) restore all aspects of the Bank to a safe and sound condition, including capital adequacy, asset quality, management effectiveness, earnings, liquidity, and sensitivity to interest rate risk.

(c) Within 30 days from the effective date of this ORDER, the Bank shall retain a bank consultant, and provide the Regional Director and Commissioner with a copy of the proposed engagement letter or contract with the third party bank consultant for non-objection or comment before it is executed.

(d) The contract or engagement letter shall include, at a minimum:

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

(ii) the responsibilities of the firm or individual;

(iii) 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 examiner access to work papers; and

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

(e) Within 60 days after the bank consultant is found acceptable to the Regional Director and Commissioner, the bank consultant shall develop a written analysis and assessment of the Bank's management needs ("Management Report") for the purpose of providing qualified management for the Bank.

(f) The Management Report shall include, at minimum:

(i) evaluation of the independence and performance of the Bank's directors and Senior Executive Officers (as that term is defined in 12 C.F.R. § 303.101(b));

(ii) evaluation of all current and deferred compensation paid to each director and Senior Executive Officer in light of their respective competence, responsibilities, and performance with a comparison of such compensation to that of institutions of comparable size and complexity;

(iii) identification of the type and number officers and staff positions needed to properly manage and supervise the affairs of the Bank;

(iv) evaluation of all Bank directors, officers and staff members to determine whether these individuals possess the ability, experience, and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition;

(v) a plan to recruit and hire any additional or replacement personnel identified in the Management Report;

(vi) identification and establishment of such Bank committees as are needed to provide guidance and oversight to management; and

(vii) identification of training and development needs and a plan to provide such training and development to appropriate personnel including directors.

(g) Within 30 days from receipt of the Management Report, the Bank shall formulate a written plan (“Management Plan”) that incorporates the findings and recommendations of the Management Report.

(h) At a minimum, the Management Plan shall:

(i) contain a recitation of the recommendations included in the Management Plan, a plan of action to address each recommendation, and a time-frame for completion of each such plan of action;

(ii) establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer, staff member, and director; and

(iii) contain a current management succession plan.

(i) The Management Plan shall be submitted to the Regional Director and the Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and the Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Management Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Management Plan.

STRATEGIC PLAN

3. (a) Within 90 days from the effective date of this ORDER, the Bank shall develop and submit for review as required by subparagraph (c), a written strategic plan ("Strategic Plan") supported by an operating budget and consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this ORDER. The Strategic Plan shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The Strategic Plan shall include, at a minimum:

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

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses,

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

(iv) coordination of the Bank's loan, investment, interest rate risk, liquidity and funds management, operating policies, profit and budget plan, and ALLL methodology with the Strategic Plan.

(v) a full and complete description of each and every Consumer Product the Bank offers, and any proposed new products;

(vi) a full and complete list of each third party the Bank plans to utilize in connection with any Consumer Product;

(vii) a full and complete description of the function or service each third party will provide in connection with any Consumer Product;

(viii) the planned volume and growth of each Consumer Product;

(ix) a full and complete description of the Bank's plan to comply with the *Guidance for Managing Third-Party Risk* (FIL 44-2008, issued June 6, 2008); and

(x) an adequate number of staff to ensure full and complete compliance with subparagraphs (i) through (ix) above.

(c) The Strategic Plan shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Strategic Plan.

(d) The Strategic Plan required by this ORDER shall be reviewed and, if necessary, revised 30 days prior to the end of each calendar year, and approved by the Board, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and adhere to the revised Strategic Plan.

CAPITAL

4. (a) Within 60 days from the effective date of this ORDER, the Bank shall meet and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325), after establishing an appropriate allowance for loan and lease losses ("ALLL"):

(i) Tier 1 Capital at least equal to 5 percent of total assets;

(ii) Tier 1 risk-based Capital at least equal to 6 percent of total risk-weighted assets; and

(iii) Total risk-based Capital at least equal to 10 percent of total risk-weighted assets.

(b) For purposes of this ORDER, all terms relating to capital shall be calculated in accordance with Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, and the Bank shall comply with the FDIC's *Statement of Policy on Risk-Based Capital* found in Appendix A to Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(c) In the event any capital ratio is or falls below the minimum required by this ORDER, the Bank shall immediately notify the Regional Director and Commissioner; and

(i) within 60 days shall increase capital in an amount sufficient to comply with this ORDER; or

(ii) within 60 days shall develop a written plan ("Capital Plan") describing the primary means and timing by which the Bank shall increase its capital ratios up to or in excess of the minimum requirements set forth in this ORDER, as well as a contingency plan ("Contingency Plan") for the sale, merger, or liquidation of the Bank in the event the primary sources of capital are not available within 60 days. The Capital Plan and Contingency Plan shall be submitted for review as described below.

(d) At a minimum, the Capital Plan shall include:

(i) specific plans to achieve the capital levels required under this ORDER;

(ii) specific plans for the maintenance of adequate capital in accordance with the requirements of the provisions of this ORDER;

(iii) projections for asset growth and capital requirements, based upon a detailed analysis of the Bank's current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's strategic business plan;

(iv) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's needs;

(iv) contingency plans that identify alternative sources of capital should the primary source(s) under (v) above not be available; and

(vi) a dividend policy that permits the declaration of a dividend only:

a. when the Bank is in compliance with its approved Capital Plan;

b. when the Bank is in compliance with applicable State and Federal laws and regulations;

c. when, after payment of such dividends, the Bank remains in compliance with the above minimum capital ratios;

d. when such declaration and payment of dividends has been approved in advance by the Board; and

e. when such declaration and payment of dividends has been approved in advance, in writing, by the Regional Director and Commissioner; and

(vii) specific plans for the maintenance of capital in an amount adequate and appropriate for the Bank taking into consideration its Strategic Plan and consistent with the risk considerations and/or factors prescribed by the *Interagency Expanded Guidance for Subprime Lending Programs* (FIL-9-2001, issued January 31, 2001) and the FDIC's *Credit Card Activities Manual*.

(e) The Capital Plan and the Contingency Plan shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Capital Plan and the Contingency Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Capital Plan and the Contingency Plan.

(f) The Board shall review the Bank's adherence to the Capital Plan, at minimum, on a monthly basis. Copies of the reviews and updates shall be submitted to the Regional Director and Commissioner as part of the progress reports required by this ORDER.

(g) If all or any part of the additional capital required by the provisions of this ORDER is accomplished by the sale of new securities, the Board shall adopt and implement a plan ("Capital Sale 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 Capital Sale 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 federal securities laws. Prior to the implementation of the Capital Sale Plan and, in any event, not less than 30 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 Regional Director, the Commissioner, and the FDIC, Accounting-Registration, Disclosure, and Securities Section, 550 17th Street, N.W. Washington, D.C. 20429 for non-objection or comment. Any changes in the plan or materials requested shall be made prior to the dissemination of the materials.

BROKERED DEPOSITS

5. (a) The Bank shall not accept, renew, or rollover any brokered deposit, as defined by section 337.6(a)(2) of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6(a)(2), without the prior written consent of the Regional Director.

(b) The Bank shall comply with the restrictions on the effective yields on deposits described in section 337.6 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6.

PROFIT AND BUDGET PLAN

6. (a) Within 90 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Bank shall formulate and submit for review as described in subparagraph (c), a written profit and budget plan ("Profit 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 as required by this ORDER.

(b) The Profit Plan shall include, at a minimum:

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

(ii) specific goals to maintain appropriate provisions to the ALLL;

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

(iv) an executive compensation plan, addressing any and all salaries, bonuses and other benefits of every kind or nature whatsoever, both current and deferred, whether paid directly or indirectly, which plan incorporates qualitative as well as profitability performance standards for the Bank's senior executive officers;

(v) 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; and

(vi) a requirement that the results of the budget review and any actions taken by the Bank as a result thereof be recorded in the Board minutes.

(c) The Profit Plan shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Profit Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Profit Plan.

(d) Within 30 days following the end of each calendar quarter following completion of the Profit Plan required by this paragraph, the Board shall evaluate the Bank's actual performance in relation to the Profit Plan, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the Board meeting at which such evaluation is undertaken. Such evaluation shall be submitted to the Regional Director and the Commissioner.

CONCENTRATION OF CREDIT-COMMERCIAL REAL ESTATE

7. (a) Within 45 days from the effective date of this ORDER, the Bank shall develop and submit for review as described in subparagraph (c) a written plan for monitoring the Bank's commercial real estate ("CRE") loan concentration of credits identified in the Report of Examination ("CRE Concentration Plan").

(b) The CRE Concentration Plan shall include, at a minimum:

(i) provisions requiring compliance with the *Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices* (FIL-104-2006, issued December 12, 2006) and *Managing Commercial Real Estate Concentrations in a Challenging Environment* (FIL-22-2008, issued March 17, 2008);

(ii) provisions for controlling and monitoring CRE loans, including plans to address the rationale for CRE loan levels as they relate to growth and capital targets, segmentation and testing of the CRE loan portfolio to detect and limit concentrations with similar risk characteristics; and

(iii) provisions for the submission of monthly written progress reports detailing the level and trends of concentrations of credit for Board review and notation in minutes of the Board meetings.

(c) The CRE Concentration Plan shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the CRE Concentration Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the CRE Concentration Plan.

ALLOWANCE FOR LOAN AND LEASE LOSSES

8. (a) Within 30 days from the effective date of this ORDER, the Bank shall develop and submit for review as described in subparagraph (d), a comprehensive policy and methodology for determining the ALLL ("ALLL Policy"). The ALLL Policy shall provide for a review of the ALLL at least once each calendar quarter. Said review should be completed at least 15 days prior to the end of each calendar quarter in order that the results of the review conducted by the Board may be properly reported in the quarterly Consolidated Reports of Condition and

Income (“Call Reports”). The ALLL Policy shall, at a minimum, include provisions for the review of the ALLL in accordance with:

(i) Financial Accounting Standards Board (“FASB”) Statements Numbers 5 and 114, as codified by FASB under its Accounting Standards Codification effective after September 15, 2009 (established by FASB Statement Number 168)(“FASB 5 and 114”);

(ii) the FFIEC’s Instructions for the Call Reports;

(iii) the *Interagency Statement of Policy on the Allowance for Loan and Lease Losses* (FIL-105-206, issued December 13, 2006);

(iv) the guidance set forth in the *Account Management and Loss Allowance Guidance for Credit Card Lending* (FIL-2-2003, issued January 8, 2003);

(v) the *Interagency Expanded Guidance for Subprime Lending Programs* (FIL-9-2001, issued January 31, 2001);

(vi) other applicable regulatory guidance that addresses the appropriateness of the Bank’s ALLL; and

(vii) any analysis of the Bank’s ALLL provided by the FDIC.

(b) Such reviews shall include, at a minimum:

(i) the Bank’s loan loss experience;

(ii) an estimate of the potential loss exposure in the portfolio; and

(iii) trends of delinquent and non-accrual loans and prevailing and prospective economic conditions.

(c) The minutes of the Board meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended adjustment in the ALLL. The Board shall document in the minutes the basis for any determination not to require provisions for loan losses in accordance with subparagraphs (a) and (b).

(d) The ALLL Policy shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the ALLL Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the ALLL Policy.

(e) 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 Call Report. To the extent that ALLL is corrected for prior quarters, Call Reports shall be amended accordingly. The Bank shall thereafter maintain an appropriate ALLL.

(f) The analysis supporting the determination of the adequacy of the ALLL shall be submitted to the Regional Director and Commissioner at such times as the Bank files the progress reports required by this ORDER or sooner upon the written request of the Regional Director or the Commissioner. In the event that the Regional Director or the Commissioner determine that the Bank's ALLL determination is not adequately supported, the Bank shall increase its ALLL and amend its Call Reports accordingly.

LOAN POLICY

9. (a) Within 30 days from the effective date of this ORDER, the Bank shall conduct a review of the Bank's loan policies and procedures for adequacy and, based upon such review, shall make all appropriate revisions to the loan policies and procedures ("Loan Policy") necessary to address the lending deficiencies identified in the current Report of Examination. The revised Loan Policy shall be submitted for review as described in subparagraph (c). The Board shall also establish review and monitoring procedures to ensure that all lending personnel

are adhering to the Loan Policy, and that the Board is receiving timely and fully documented reports on loan activity, including reports that identify deviations from the Loan Policy.

(b) The Loan Policy shall, at minimum:

(i) require that 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 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 shall be maintained throughout the term of the loan; and are otherwise in conformance with the Loan Policy;

(ii) incorporate limitations on the amount that can be loaned in relation to established collateral values, require the source of collateral valuations to be identified, require that collateral valuations be completed prior to the commitment to lend funds, and require that collateral valuations be performed on a periodic basis over the term of the loan;

(iii) require accurate reporting of past due loans to the Board or the Bank's loan committee at least monthly;

(iv) require the individual reporting of loans granted as exception to the Loan Policy and aggregation of such loans in the portfolio;

(v) prohibit the capitalization of interest or loan-related expenses unless the Board or the Bank's loan committee provides, in writing, a detailed explanation of why such action is in the best interest of the Bank; and

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

(c) The Loan Policy shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Loan Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Loan Policy.

CLASSIFIED ASSETS REDUCTION

10. (a) The Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" by the FDIC in the current Report of Examination, as well as future reports of examination, that have not been previously collected or charged off. Elimination or reduction of such assets with the proceeds of other Bank extensions of credit shall not be considered "collection" for purposes of this paragraph.

(b) Within 45 days from the effective date of this ORDER, the Bank shall formulate and submit for review as described in subparagraph (d), a written plan ("Classified Asset Plan") to reduce the Bank's risk position in each asset in excess of $250,000 which is classified "substandard" or "doubtful" in the current 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 by the Regional Director and Commissioner.

(c) The Classified Asset Plan shall include, at a minimum:

(i) an action plan to review, analyze, and document the current financial condition of each classified borrower including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position;

(ii) a schedule for reducing the outstanding dollar amount of each adversely classified asset with a balance of $250,000 or greater, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified asset must show its dollar balance on a quarterly basis);

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified assets, the expected consolidated balance of all "special mention" assets, the ratio of the consolidated balance of adversely classified assets to the Bank's Tier 1 capital plus the ALLL and the ratio of the consolidated balance of adversely classified assets and "special mention" assets to the Bank's Tier 1 capital plus the ALLL;

(iv) a specific action plan to reduce delinquencies;

(v) specific action plans intended to reduce the Bank's risk exposure in each classified and "special mention" asset;

(vi) areas of responsibility for loan officers; and

(vii) the submission of monthly written progress reports to the Board for review and notation in minutes of the Board meetings.

(d) The Bank shall send quarterly progress reports on the status of each classified and "special mention" asset equal to or exceeding $250,000 to the Regional Director and the Commissioner as part of the Progress Reports required under paragraph 24.

(e) The Classified Asset Plan shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Classified Asset Plan, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Classified Asset Plan.

(f) The Classified Asset Plan required by this ORDER shall be reviewed on a quarterly basis and revised, if necessary, to include assets that become adversely classified or listed for “special mention” after the effective date of this ORDER. Such revised Classified Asset Plan shall be approved by the Board, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the revised Classified Asset Plan.

(g) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who is already obligated in any manner to the Bank on any extensions of credit (including any portion thereof) that has been charged off the books of the Bank or classified “loss” in the current or any future Report of Examination, so long as such credit remains uncollected.

(h) The Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower whose loan or other credit has been classified “substandard”, “doubtful”, or is listed for “special mention” in the current or any future Report of Examination, and is uncollected, unless the Board provides, in writing, a detailed explanation of why the extension is in the best interest of the Bank.

(i) Prior to extending additional credit pursuant to subparagraph (g), whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Board, or a designated committee thereof, which shall determine that:

(i) the failure of the Bank to extend such credit would be detrimental to the best interests of the Bank, with a written explanation of why the failure to extend such credit would be detrimental;

(ii) the extension of such credit would improve the Bank's position, with a written explanatory statement of how and why the Bank's position would improve; and

(iii) an appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended.

(j) The Board's determinations and approval shall be recorded in the minutes of the Board meeting, or designated committee, and copies shall be submitted to the Regional Director and Commissioner at such times as the Bank submits the progress reports required by this ORDER or sooner upon the written request of the Regional Director and Commissioner.

DIVIDEND RESTRICTION

11. The Bank shall not declare or pay any dividend without the prior written consent of the Regional Director and the Commissioner.

LIQUIDITY AND FUNDS MANAGEMENT

12. (a) Within 30 days from the effective date of this ORDER, the Bank shall revise its liquidity and funds management policy to strengthen the Bank's funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs ("Liquidity and Funds Management Policy"). The policy shall be submitted for review as described in subparagraph (c).

(b) The Liquidity and Funds Management Policy shall include, at a minimum, provisions that:

(i) provide a statement of the Bank's long-term and short-term liquidity needs and plans for ensuring that such needs are met;

(ii) provide for a periodic review of the Bank's deposit structure, including the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, and any other information needed;

(iii) establish a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report and shall address the means by which the Bank will seek to reduce its reliance on non-core funding and high cost rate-sensitive deposits;

(iv) establish sufficient back-up lines of credit that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;

(v) require the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

(vi) establish a minimum liquidity ratio and defining how the ratio is to be calculated;

(vii) establish contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(viii) identify the source and use of borrowings and/or volatile funds; provide for reasonable maturities commensurate with the use of the borrowed funds; address concentration of funding sources; and address pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings); and

(ix) comply with the guidance set forth in *Liquidity Risk Management* (FIL-84-2008, issued August 26, 2008).

(c) The Liquidity and Funds Management Policy shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Liquidity and Funds Management Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Liquidity and Funds Management Policy.

(d) The Bank shall review annually its Liquidity and Funds Management Policy for adequacy and, based upon such review, shall make necessary revisions to the policy.

INTEREST RATE RISK

13. (a) Within 45 days from the effective date of this ORDER, the Bank shall develop and submit for review as described in subparagraph (c), an interest rate risk policy and procedures ("IRR Policy") that shall include, at a minimum:

(i) measures designed to control the nature and amount of interest rate risk the Bank takes including those that specify risk limits and defines lines of responsibilities and authority for managing risk;

(ii) a system for identifying and measuring interest rate risk;

(iii) a system for monitoring and reporting risk exposures; and

(iv) a system of internal controls, review, and audit to ensure the integrity of the overall risk management process.

(b) The IRR Policy shall address the exceptions noted in the current Report of Examination, comply with the Federal Financial Institutions Examination Council's ("FFIEC") *Advisory on Interest Rate Risk Management* (FIL-2-2010, issued January 20, 2010), the FFIEC's

Supervisory Policy Statement on Investment Securities and End-User Derivative Activities, and the *Joint Agency Policy Statement on Interest Rate Risk* (FIL-52-96, issued July 12, 1996).

(c) The IRR Policy shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the IRR Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the IRR Policy.

AUDIT PROGRAM

14. (a) Within 45 days from the effective date of this ORDER, the Bank shall develop internal and external audit programs ("Audit Programs") that establish procedures to protect the integrity of the Bank's operational and accounting systems, as well as its Compliance Management System ("CMS"). At a minimum the Audit Programs shall:

(i) comply with the *Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations* and the *Interagency Policy Statement on the Internal Audit Function and its Outsourcing*;

(ii) provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records;

(iii) provide procedures to adequately test and review the Bank's management information system for the Bank's credit card division and/or any other area or division of the Bank offering a Consumer Product;

(iv) provide procedures to adequately test the Bank's CMS and Consumer Products, including provisions requiring:

a. a compliance risk assessment to identify those Consumer Products that present a high operational and regulatory risk to the Bank;

b. a schedule for the audit of the Bank's Consumer Products commensurate with the compliance risk assessment.

c. a means to detect substantive deficiencies in the operation of the Bank's Consumer Products including those areas identified in the Compliance Examination Report conducted as of July 10, 2009 ("Compliance Report"); and

d. a periodic review of any operational area or division of the Bank offering Consumer Products to ensure compliance with all applicable federal consumer protection laws and all implementing rules and regulations, regulatory guidance, and statements of policy, as well as all applicable policies and procedures of the Bank;

(v) provide procedures to document testing of any corrective actions taken;

(vi) verify and review management actions to address material weaknesses;

(vii) track deficiencies and exceptions noted in audit reports with periodic**,** but not less than quarterly, status reports to the Board with each deficiency and material exception identified, the source of the deficiency or exception and date noted, responsibility for correction assigned, and the date corrective action was taken in the report;

(viii) review the effectiveness of the internal audit systems;

(ix) provide for monthly reports of audit findings from the auditors directly to the Audit Committee. which shall also present the audit findings to the Board. The minutes of the Board shall reflect consideration of these reports and describe any discussion or action taken as a result thereof; and

(x) provide the Regional Director and Commissioner with copies of the monthly reports of audit findings, as well as the discussion or resulting action taken.

(b) The Audit Programs shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Audit Programs, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the Audit Programs.

INTERNAL ROUTINE AND CONTROLS

15. (a) Within 45 days from the effective date of this ORDER, the Bank shall revise and submit for review as described in subparagraph (b), the Bank's internal routine and controls policy ("IRC Policy") for the operation of the Bank in such a manner as to provide adequate internal routines and controls consistent with safe and sound banking practices.

(b) The IRC Policy shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the IRC Policy, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the IRC Policy.

COMPLIANCE MANAGEMENT SYSTEM

16. Within 60 days from the effective date of this ORDER, the Bank shall develop and implement an effective CMS that is commensurate with the level of complexity of the Bank's operations to ensure the establishment and implementation of a comprehensive written compliance program ("Compliance Program"). The CMS shall at a minimum include:

(a) a Compliance Program that shall cover all of the consumer laws, regulations and regulatory guidance (collectively, "Consumer Laws") to which the Bank is subject and that is reviewed and approved annually by the Board, which approval shall be recorded in the minutes of the meeting of the Board;

(b) written policies, operating procedures and processes, and controls that ensure that current and proposed Consumer Products comply with all applicable Consumer Laws and ensure that they are updated on an ongoing basis to reflect changes in the Bank's business and regulatory environment ;

(c) designation of an appropriate Compliance Officer to oversee the CMS and Compliance Program, as well as an appropriate number of compliance personnel with sufficient experience in, and knowledge of, Consumer Laws to administer the CMS;

(d) implementation and maintenance of a training program related to Consumer Laws for employees having responsibilities that relate to applicable Consumer Laws, including senior management and the Board, commensurate with their individual job functions and duties. The Compliance Officer shall be responsible for the administration of the Compliance Program and for training to officers and employees on a continuing basis.

(e) include effective compliance monitoring procedures that have been incorporated into the normal activities of every department. At a minimum, monitoring procedures should include ongoing reviews of:

(i) applicable departments and branches;

(ii) disclosures and calculations for various loan and deposit products;

(iii) document filing and retention procedures;

(iv) marketing literature and advertising; and

(v) internal compliance communication system that provides to Bank personnel appropriate updates resulting from revisions to Consumer Laws.

(f) The Compliance Program and other documentation relating to the Bank's CMS shall be submitted to the Regional Director and Commissioner for non-objection or comment. Within 30 days from receipt of non-objection or any comments from the Regional Director and

Commissioner, and after incorporation and adoption of all comments, the Board shall approve the CMS, which approval shall be recorded in the minutes of the Board meeting. Thereafter, the Bank shall implement and fully comply with the CMS.

COMPLIANCE OFFICER

17. (a) Within 60 days from the effective date of this ORDER, the Bank shall have and retain a qualified Compliance Officer with the requisite knowledge and experience to establish and administer an effective CMS. The Board shall ensure that the Compliance Officer receives ongoing training, sufficient time, and adequate resources to effectively oversee, coordinate, and implement the CMS.

(b) The responsibilities of the Compliance Officer shall include, but are not limited to:

(i) developing and reviewing compliance policies and procedures to ensure compliance with all applicable Consumer Laws and the Bank's Compliance Program;

(ii) assessing emerging issues or potential liabilities;

(iii) overseeing the training of management, employees and the Board with respect to Consumer Laws;

(iv) reporting compliance activities and audit or review findings to the Board and ensuring corrective actions;

(v) coordinating responses to consumer complaints; and

(vi) monitoring third-party Consumer Products, as well as the Bank's Consumer Products, including but not limited to, marketing, processing and servicing, of the Consumer Products.

(c) The Board shall ensure that the Compliance Officer has adequate staffing to assist him/her, and retains sufficient authority and independence to implement policies related to

Consumer Laws and to institute corrective action as needed. At a minimum, this authority shall include the ability to cross departmental lines; access all areas of the Bank's operations; and effectuate corrective action.

(d) The Compliance Officer shall report directly to the Audit Committee.

HMDA COMPLIANCE

18. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement systems and controls to ensure compliance with the Home Mortgage Disclosure Act, 12 U.S.C. §§ 2801-2810, and Regulation C of the Board of Governors of the Federal Reserve System ("Regulation C"), 12 C.F.R. Part 203, with specific provisions to accurately collect and record required data on applications for, and originations, purchases, and refinancings of, home purchase and home improvement loans on a register in the format prescribed in Regulation C within 30 calendar days after the end of the quarter in which the final action is taken, as required by section 203.4(a) of Regulation C, 12 C.F.R. § 203.4(a).

FLOOD INSURANCE COMPLIANCE

19. Within 60 days from the effective date of this ORDER, the Bank shall adopt and implement systems and controls to ensure compliance with the *National Flood Insurance Act,* as amended by the *National Flood Insurance Reform Act of 1994, 42 U.S.C. § 4012a*, as well as *12 C.F.R. Part 339 of the FDIC's Rules and Regulations* with specific provisions to obtain adequate flood insurance when originating, extending or increasing the amounts of loans, and to provide flood insurance notices to borrowers when loans are secured by a building or mobile home located in a special flood hazard area.

MANAGING THIRD-PARTY RISK

20. (a) Within 60 days from the effective date of this ORDER, the Bank shall form a Vendor Management Committee comprised of a member of the Audit Committee, a Board

member, and the Compliance Officer to ensure proper management of third-party risk, consistent with the risk profile of such activity outsourced to third party vendors and service providers. At a minimum, the Vendor Management Committee shall develop, consistent with the guidance for *Guidance for Managing Third-Party Risk* (FIL-44-2008, issued June 6, 2008):

(i) a risk assessment program to identify the risks associated with the use of third party vendors and service providers, including but not limited to, operational and transactional risks;

(ii) procedures to conduct ongoing due diligence with respect to third-party vendor activities, including but not limited to the marketing, processing, and servicing of Consumer Products;

(iii) procedures for terminating third-party vendor relationships in the event that such relationships fail to comply with the Bank's systems and controls;

(iv) procedures to review contract terms with respect to third-party vendors and service providers; and

(v) effective oversight of third-party vendors and service providers, as well as any subcontracting arrangements established through and by the vendors and service providers, to ensure compliance with Bank systems and controls.

(b) On a quarterly basis, the Vendor Management Committee shall report any new or changes in third-party vendors or service providers to the Board, as well as the actions taken under subparagraph (a) above. The Board minutes shall contain any Vendor Management Committee considerations with respect to entering into new or terminating third-party vendor relationships, as well ongoing reviews and corrective actions taken pursuant to subparagraph (a) above.

TERMINATION OF THIRD-PARTY LENDING PROGRAMS
AND RELATIONSHIPS WITH THIRD-PARTY PROVIDERS

21. (a) Within 60 days of the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and Commissioner, for non-objection, a comprehensive plan, with timelines, for the termination of all relationships with third-party providers that exhibit the characteristics of a "Rent-a-BIN" arrangement, other than the Pampered Chef credit card program.

(b) The plan shall provide for these terminations by April 30, 2011. Upon termination of each third-party lending program and/or the relationship with a third-party provider, the Bank shall provide written notification to the Regional Director and Commissioner apprising them of the date the relationship with the third-party provider was terminated.

CORRECTION OF VIOLATIONS

22. The Bank shall take all steps necessary, consistent with other provisions of this ORDER and safe and sound banking practices, to eliminate or correct and prevent unsafe or unsound banking practices, violations of law or regulation, and all contraventions of regulatory policies or guidelines cited in the current Report of Examination and Compliance Report.

CORRECTION OF MISREPRESENTATIONS/OMISSIONS

23. Within 90 days of the effective date of this ORDER, the Bank shall take all action necessary to comply with the guidance set forth in *Unfair or Deceptive Acts or Practices by State-Chartered Banks* (FIL-26-2004, issued March 11, 2004). At a minimum, the Bank shall not make, directly or indirectly, any misrepresentation, expressly or by implication, about any material term of an offer or extension of credit in connection with the advertising, marketing, offering, soliciting, extending, billing or servicing of credit including but not limited to misrepresentation and/or omissions as to:

(a) improving credit scores or building credit;

(b) any and all fees including but not limited to;

i. balance transfer fees; and

ii. fees charged by third parties;

(c) the amount of available maximum credit;

(d) limitations on the available maximum credit;

(e) secured credit card requirements;

(f) transfer of funds between accounts for the purposes of securing and/or payment of credit extensions and/or payment of credit; and

(g) payment due dates.

DISCLOSURES

24. (a) The Bank shall disclose as clearly and prominently as, and on the same page as, any representation about credit limits or available credit in any credit card solicitation or other disclosures a description of:

(i) any and all material fees, including but not limited to processing/application fees, co-applicant fees, and load fees (Bank and third party);

(ii) the amount of available maximum credit;

(iii) the limitations on the available maximum credit including but not limited to, any effect of exceeding the credit limit; and

(iv) secured card requirements including but not limited to, the amounts to be deposited into the connected collateral account.

(b) The Bank shall disclose as clearly and prominently as any representation about credit limits or available credit in any credit card solicitation or other disclosures a description of:

(i) requirements regarding transfers of funds between accounts for the purposes of securing and/or payment of credit extensions and/or payment of credit;

(ii) payment due dates; and

(iii) limitations and fees connected with any rewards program offered in connection with any Consumer Products.

PROGRESS REPORTS

25. Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and Commissioner written progress reports detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. All progress reports and other written responses to this ORDER shall be reviewed by the Board and made a part of the Board minutes.

SHAREHOLDERS

26. The Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, in conjunction with the Bank's next shareholder communication and 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-Registration, Disclosure and Securities Section, 550 17th Street, N.W., Washington, D.C. 20429 and the New Jersey Department of Banking and Insurance ("NJDOBI"), 20 West State Street, Trenton, New Jersey 08625 for non-objection or comment at least 30 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC and/or the NJDOBI shall be made prior to dissemination of the description, communication, notice, or statement.

COMPLIANCE COMMITTEE

27. (a) Within 30 days from the effective date of this ORDER, the Board shall establish a compliance committee ("Compliance Committee") charged with the responsibility of ensuring compliance with the provisions of this ORDER. A majority of the Compliance Committee shall be comprised of members who are not now, and have never been, involved in the daily operations of the Bank and who shall be acceptable to the Regional Director and the Commissioner.

(b) The Compliance Committee shall monitor compliance with this ORDER and submit a written report monthly to the entire Board, and a copy of the report and any discussion related to the report or this ORDER shall be part of the minutes of the Board meeting. Copies of the monthly report shall be submitted to the Regional Director and Commissioner as part of the progress reports required by this ORDER. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

INFORMATION TECHNOLOGY

28. (a) Within 90 days from the effective date of this ORDER, the Bank shall institute procedures to ensure meeting the standards contained in Part 364, Appendix B, of the FDIC's Rules and Regulations, 12 C.F.R. Part 364, App. B, including the performance of a comprehensive information security assessment, development of a corporate information security policy, formal training for employees and management, annual audits for adherence to the standards, and regular review of the status of the program by the Board.

(b) Within 90 days from the effective date of this ORDER, the Bank shall develop and implement an effective corporate information security policy to safeguard confidential consumer information that meets the requirements of the Information Security Booklet of the Federal Financial Institutions Examination Council's IT Examination Handbook.

(c) Within 90 days from the effective date of this ORDER, the Bank shall prepare for Board approval a written vendor management policy that meets the requirements of the FFIEC's *Risk Management of Technology Outsourcing* (FIL-81-2000, issued November 29, 2000).

MISCELLANEOUS

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority

Dated: __November 16,, 2010__________________
By:

_/s/____
Daniel E. Frye
Acting Regional Director
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation