

## SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 11th day of June, 2002 (Effective Date), by and between Golden Prague Federal Savings and Loan Association, Baltimore, Maryland, OTS Docket No. 6660 (Golden Prague or Bank), a federally chartered mutual savings association, and the Office of Thrift Supervision (OTS), a bureau of the United States Department of the Treasury, acting through its Southeast Regional Director or his designee (Regional Director).

WHEREAS, the OTS is the primary federal regulator of the Bank;

WHEREAS, based upon the Bank's November 28, 2001 Report of Examination (Examination), the OTS is of the opinion that the Bank has engaged in acts and practices that are considered to be unsafe and unsound;

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of an administrative proceeding against the Bank;

WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Bank will: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices; and

WHEREAS, the Bank, acting through its Board of Directors (Board), without admitting or denying that such grounds exist except those as to jurisdiction, which are admitted, wishes to cooperate with the OTS and to evidence the intent to: (i) comply with all applicable laws and regulations; and (ii) engage in safe and sound practices.

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

### Merger

1. The Board shall increase its good faith efforts to locate an appropriate merger partner with which the Bank may effect a merger transaction. The Board shall provide the Regional Director with a copy of a definitive merger agreement not later than July 31, 2002. Not later than two (2) weeks after the Effective Date of this Agreement, the Board shall provide the Regional Director with a written update on the status of its efforts to effect a merger. Thereafter, written updates shall continue to be provided to the Regional Director on a biweekly basis.

**Lending Activities**

2. Without the prior written approval of the Regional Director, the Bank's lending activities shall be restricted to the origination of mortgage loans secured by 1-4 family dwellings and loans secured by savings accounts. This restriction shall apply to investments in equipment leases and includes the making of new loans to current or future borrowers and modifications of existing loans to current borrowers that would result in an extension of additional funds.
3. Without the prior written approval of the Regional Director, the Bank shall make no additional investment in the Perlman Place project, except for amounts that are necessary to complete the rehabilitation of unit Nos. 1905 and 1909. The Bank shall use its best efforts to conclude its involvement with this project as soon as reasonably possible.

**Bank Owned Life Insurance**

4. The Bank shall not purchase any new life insurance policies on its executives or modify its existing policies to increase the current amounts of coverage.

**Operations**

5. The Bank shall continue its efforts to reduce operating expenses, decrease its cost of funds, limit its interest rate risk exposure and improve its core earnings and net income.

**Information Technology**

6. Within 60 days after the Effective Date of this Agreement, the Bank shall adopt an Information Security Policy consistent with the requirements of 12 C.F.R. Part 573. A copy of the Information Security Policy required by this paragraph shall be provided to the Regional Director within 10 days after adoption by the Board.

**Director Responsibility**

7. Notwithstanding the requirements of this Agreement that the Board submit various matters to the Regional Director for the purpose of receiving his approval, non-objection or notice of acceptability, such regulatory oversight does not derogate or supplant each individual director's continuing fiduciary duty. The Board shall have the ultimate responsibility for overseeing the safe and sound operation of the Bank at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

### **Compliance with Agreement**

8. The Board and officers of the Bank shall take immediate action to cause the Bank to comply with the terms of this Agreement and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Agreement.
9. The Board, on a quarterly basis, shall adopt a board resolution (the Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Bank has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.
10. The minutes of the meeting of the Board shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption, and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.
11. Within 30 calendar days after the end of each calendar quarter, beginning with the end of the first calendar quarter following the Effective Date of this Agreement, the Bank shall provide to the Regional Director a certified true copy of the Compliance Resolution[s] adopted at the Board meeting. The Board, by virtue of the Bank's submission of a certified true copy of such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except that in the event that one or more directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Bank.
12. The Board shall promptly respond to any request from the OTS for documents to demonstrate compliance with this Agreement.

### **Definitions**

13. All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

**Successor Statutes, Regulations, Guidance, Amendments**

14. Reference in this Agreement to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the Effective Date and references to successor provisions as they become applicable.

**Notices**

15. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Agreement to be made upon, given or furnished to, delivered to, or filed with:
- a. The OTS by the Bank, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, Georgia, 30309, or telecopied to (404) 897-1861 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.
  - b. The Bank by the OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Bank at 2921 McElderry St., Baltimore, Maryland 21205, or telecopied to (410) 276-0826 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

**Duration, Termination or Suspension of Agreement**

16. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below, and (ii) remain in effect until terminated, modified or suspended in writing by the OTS, acting through its Director or the Regional Director (including any authorized designee thereof).
17. The Regional Director in his sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

**Time Limits**

18. Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

**Effect of Headings**

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

**Separability Clause**

20. In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his sole discretion determines otherwise.

**No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted**

21. Nothing in this Agreement shall be construed as: (i) allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject, or (ii) restricting the OTS from taking such action(s) as are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that the OTS determines to be appropriate.

**Successors in Interest/Benefit**

22. The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

**Signature of Directors**

23. Each Director signing the Agreement attests, by such act, that she or he voted in favor of a Board resolution authorizing the execution of this Agreement by the Bank.

**Integration Clause**

24. This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter. However, all Policies and Procedures required by this Agreement shall, upon modification consistent with the direction of the Regional Director, become part of this Agreement and any deviation from these policies shall be deemed a violation of this Agreement.

**Enforceability of Agreement**

25. The Bank represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Bank. The Bank acknowledges that this Agreement, is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. §1818.

**Counterparts**

26. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and each of which shall be deemed an original.

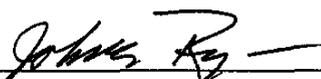
IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director and the Bank, in accordance with a duly adopted resolution of its Board, hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

THE BANK

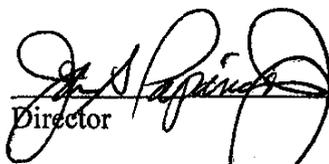
By:

By:

  
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John E. Ryan  
Regional Director

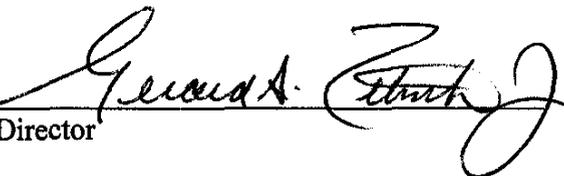
  
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Joseph M. Platek  
President – Golden Prague

SIGNATURES OF THE DIRECTORS OF THE BANK

  
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Director

  
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Director

  
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Director

EDWARD M. NOVAK - ABSENT DUE TO ACTIVE DUTY MILITARY SERVICE  
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Director

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Director