#2018-104
AA-WE-2018-67

AGREEMENT BY AND BETWEEN
Beacon Business Bank, N.A.
San Francisco, California
and
The Office of the Comptroller of the Currency

Beacon Business Bank, N.A., San Francisco, California ("Bank") and the Office of the Comptroller of the Currency ("OCC") wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency ("Comptroller"), through his duly authorized representative, has found unsafe or unsound practices, including those relating to enterprise governance, concentrations of credit, and credit risk management.

Therefore, the Comptroller, through his duly authorized representative, and the Bank, through its duly elected and acting Board of Directors ("Board"), hereby agree that the Bank shall operate at all times in compliance with the following:

ARTICLE I

JURISDICTION

(1) The Bank is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. See 12 U.S.C. § 1 *et seq*.

(3) The OCC is the "appropriate Federal banking agency" as that term is defined in 12 U.S.C. § 1813(q).

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within ten (10) days of the Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its subsidiaries or affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank's compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) By January 30, 2019, and thereafter within thirty (30) days after the end of each quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

(a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;

(b) the specific corrective actions undertaken to comply with each Article of this Agreement; and

(c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

ARTICLE III

STRATEGIC PLAN

(1) Effective immediately, the Bank shall only declare dividends when:

(a) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(b) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(2) Within ninety (90) days of the date of this Agreement, the Board shall forward to the Assistant Deputy Comptroller, pursuant to paragraph (4) of this Article, a written Strategic Plan for the Bank, covering at least a three-year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, and capital and liquidity adequacy, together with strategies to achieve those objectives, and shall, at a minimum, include:

(a) a mission statement that forms the framework for the establishment of strategic goals and objectives;

(b) the strategic goals and objectives to be accomplished, including key financial indicators and risk tolerances;

(c) an assessment of the Bank's strengths, weaknesses, opportunities and threats that impact its strategic goals and objectives;

(d) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, policies, and procedures for their adequacy and contribution to the accomplishment of the strategic goals and objectives developed under paragraph (2)(b) of this Article;

(e) a realistic and comprehensive budget that corresponds to the Strategic

Plan's goals and objectives;

(f) an action plan to sustain the Bank's earnings and accomplish identified strategic goals and objectives;

(g) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Strategic Plan;

(h) a detailed description and assessment of major capital expenditures required to achieve the goals and objectives of the Strategic Plan;

(i) an identification and prioritization of initiatives and opportunities, including timeframes that comply with the requirements of this Agreement;

(j) a description of the Bank's target market(s) and competitive factors in its identified target market(s), and a description of controls systems to mitigate risks in the Bank's target market(s);

(k) an identification and assessment of the present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;

(l) concentration limits commensurate with the Bank's strategic goals and objectives and risk profile;

(m) assigned roles, responsibilities, and accountability for the strategic planning;

(n) a description of systems and metrics designed to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives; and

(o) contingency plans to exit products, services or market segments that are not profitable or generate excessive risk to earnings and capital.

(3) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments, revisions, or updates, shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall adopt and Bank management, subject to Board review and ongoing monitoring, shall immediately implement and ensure adherence to the Strategic Plan and any amendments or revisions thereto.

(4) The Bank may not initiate any action that significantly deviates from a Strategic Plan (that has received written determination of no supervisory objection from the Assistant Deputy Comptroller and has been adopted by the Board) without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(5) Any request by the Bank for prior written determination of no supervisory objection to a significant deviation described in paragraphs (4), (5) or (6) of this Article shall be submitted in writing to the Assistant Deputy Comptroller at least sixty (60) days in advance of the proposed significant deviation. Such written request by the Bank shall include an assessment of the effects of such proposed change on the Bank's condition and risk profile, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the proposed change.

(6) For the purposes of this Article, changes that may constitute a significant

deviation include, but are not limited to, a change in the Bank's marketing strategies, products and services, marketing partners, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material effect on the Bank's operations or financial performance, or any other changes in personnel, operations, or external factors that may have a material effect on the Bank's operations or financial performance.

(7) The Board shall review and update the Strategic Plan, including after expiration of the three-year period referenced in paragraph two (2) of this Article, at least annually and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. The updated Strategic Plan shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection, consistent with Paragraph (3) of this Article.

ARTICLE IV

CONCENTRATION RISK MANAGEMENT

(1) As of the date of this Agreement, inclusive of the unguaranteed portions of the Small Business Administration ("SBA") loans In Process and In Closing in the Bank's SBA pipeline report submitted to the OCC on December 11, 2018, the Bank shall not increase any concentrations in the unguaranteed portions of SBA loans until the Bank has received prior written determination of no supervisory objection to, and is in adherence with, the Concentration Risk Management Program required by Paragraph (2) of this Article.

(2) Within ninety (90) days of this Agreement, the Board shall forward to the Assistant Deputy Comptroller for prior written determination of no supervisory objection a written Concentration Risk Management Program to effectively identify, measure, monitor, and

control concentration risks. Refer to the “Concentrations of Credit” booklet of the Comptroller’s Handbook for guidance. The Concentration Risk Management Program shall include, at a minimum:

(a) a written analysis of all concentrations of credit that fully assesses inherent credit risk;

(b) the establishment of safe and sound, formal limits and sub-limits for all concentrations based on a percentage of Tier 1 capital plus the allowance for loan and lease losses (“Allowance”), stratified by type and other meaningful measures;

(c) support for projected concentration levels in relation to overall growth plans, financial targets, portfolio stress tests, and capital plan objectives;

(d) procedures for monthly monitoring of concentration reports based upon total committed amounts that stratify the loan portfolio by product type and other meaningful measures, and also consider the effect of pipeline volumes on concentration levels;

(e) strategies to initially achieve compliance with established limits;

(f) strategies and procedures to be followed when concentrations approach or exceed Board limits;

(g) quarterly monitoring and annual re-evaluation of concentrations limits by the Board; and

(h) a detailed contingency plan to reduce concentrations in the event of adverse market conditions, including reasonable action plans.

(3) Upon receiving a prior written determination of no supervisory objection by the Assistant Deputy Comptroller, the Board shall promptly adopt, and the Bank shall implement and adhere to, the written concentration risk management program. Any revisions to the written concentration risk management program shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

ARTICLE V

EXTERNAL LOAN REVIEW

(1) Within sixty (60) days of this Agreement, the Board shall engage a qualified independent consultant to perform quarterly asset quality reviews of the Bank's loan portfolio. The consultant shall provide a written report to be filed with the Board after each review and shall use a loan and lease grading system that accurately identifies and stratifies risk. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance. Such reports shall, at a minimum, include comments and conclusions regarding:

(a) the overall quality of the loan portfolio;

(b) the identification, type, rating, and amount of problem loans and leases;

(c) the accrual status and amount of impairment reserves, if necessary;

(d) the identification/status of credit related violations of law or regulation;

(e) credit information and collateral documentation exceptions;

(f) loans to executive officers, directors, and principal shareholders (and their related interests) of the Bank; and

(g) loans not in conformance with the Bank's lending policies, and exceptions to the Bank's lending policies.

(2) Prior to the appointment or employment of any individual as loan review consultant or entering into any contract with any consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(3) Within thirty (30) days of receipt, the Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action, is taken upon the findings noted in the reports.

(4) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the books and records of the Bank.

(5) The Bank shall not terminate the consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

ARTICLE VI

CREDIT RISK RATING

(1) Within sixty (60) days of this Agreement, the Board shall develop a program to ensure that the risk associated with the Bank's loans and other assets is properly reflected and accounted for on the Bank's books and records, to include, at a minimum, provisions to:

(a) develop a risk rating system that accurately identifies and stratifies risk. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance;

(b) ensure that the Bank's loans and other assets are appropriately and timely risk rated and charged off by management using a safe and sound loan grading system that is based upon current facts, and existing repayment terms. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance;

(c) provide for credit risk ratings to be reviewed and updated whenever relevant new information is received, but no less than annually, and include procedures for timely risk rating downgrades when conditions warrant without compromise or delays based on unfounded reliance on guarantors, payment history, borrower character or potential future events;

(d) adopt annual training by a qualified party for loan officers on risk rating definitions and the importance of accurate and timely risk ratings;

(e) ensure accountability of loan officers and management for failing to appropriately and timely risk rate and/or place loans on nonaccrual;

(f) require that appropriate analysis and documentation is maintained in the credit files to support the current and previous risk rating and accrual determination for each credit relationship; and

(g) incorporate management information systems that periodically provide feedback to the Board about the effectiveness of the program from senior management and individual lending officers.

(2) The Board shall ensure that all credit relationships equaling two hundred fifty thousand ($250,000) or above are reviewed and accurately risk rated. Refer to the "Rating Credit Risk" booklet of the Comptroller's Handbook for guidance. Such review shall be completed on a timely basis.

(3) Upon completion, a copy of the written program developed pursuant to this Article shall be promptly forwarded to the Assistant Deputy Comptroller for a written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately adopt, implement, and ensure adherence to the written program.

ARTICLE VII

CREDIT ADMINISTRATION

(1) Within ninety (90) days of this Agreement, the Board shall review, revise, and submit to the Assistant Deputy Comptroller for prior written determination of no supervisory objection a revised Loan Policy that shall include, at a minimum, revisions relating to:

(a) policies and procedures for SBA lending that comply with the requirements of this paragraph, including approval authorizations, documentation, analysis, cash flow, repayment periods, collateral coverage, guarantor support, appraisals, and loan covenants;

(b) a description of acceptable types of loans and a prohibition against making any loan for which the Bank does not have the knowledge, skills or ability to properly underwrite and monitor;

(c) the establishment of underwriting standards by loan type, including but not limited to approval authorizations, documentation, analysis, cash flow, repayment periods, collateral coverage, guarantor support, appraisals, and loan covenants;

(d) expectations regarding required credit file information for each different lending product offered;

(e) requirements that lending officers appropriately analyze and document appropriate credit and collateral information on all extensions of credit (including participations purchased), to include, at a minimum:

   (i) documenting the specific reason or purpose for the extension of credit;

   (ii) identifying the expected source of repayment in writing;

   (iii) structuring the repayment terms to coincide with the expected source of repayment;

   (iv) determining and documenting whether the loan complies with the Bank's Loan Policy and if it does not comply, providing identification of the exception and ample justification to support waiving the policy exception;

   (v) making and documenting determinations regarding the customer's ability to repay the credit on the proposed repayment terms, including an evaluation of both primary and secondary sources of repayment, as well as a global cash flow analysis that considers all customer debt service requirements;

   (vi) verification of liquid assets that the Bank is relying on as a source of repayment;

(vii) documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable;

(viii) providing an accurate risk assessment grade;

(ix) ongoing requirements for obtaining and analyzing financial statements; and

(x) ongoing requirements for obtaining periodic collateral inspections as appropriate.

(f) requirements relating to guarantor support;

(g) minimum loan covenants;

(h) maturity scheduling related to the anticipated source of repayment, the purpose of the loan, and the useful life of the collateral;

(i) maximum ratio of loan value to appraised value or acquisition costs of collateral securing the loan;

(j) collection procedures, to include follow-up efforts, that are systematically and progressively stronger;

(k) portfolio stress testing and loan stress testing and/or sensitivity analysis on individual loans consistent with prudent banking standards;

(l) requirement to establish a training policy for loan officers to ensure they understand policy requirements and credit and cash flow analysis;

(m) procedures to ensure that loans are properly monitored to include periodic receipt, analysis and documentation of sufficient financial and operating information to measure and monitor the borrower's and guarantor's financial condition and repayment ability, including periodic (at least annually) cash flow analysis of income-producing collateral;

(n) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar outside borrowers;

(o) measures to correct the deficiencies in the Bank's lending procedures noted in any ROE;

(p) guidelines for periodic review of the Bank's adherence to the revised lending policy; and

(q) guidelines for periodic review and revision of the lending policy.

(2) Upon receiving a prior written determination of no supervisory objection by the Assistant Deputy Comptroller, the Board shall promptly adopt, and the Bank shall implement and adhere to, the revised Loan Policy. Any revisions to the Loan Policy shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Board shall implement an effective policy to monitor, aggregate, and report financial statement and collateral exceptions, which shall include at a minimum:

(a) a tickler system to identify all exceptions, including dates for lender annual financial reviews;

(b) an analysis of exceptions by type and loan officer;

(c) holding loan officers accountable for exceptions;

(d) assigning responsibility of monitoring and clearing exceptions to the individuals responsible for the lending relationship; and

(e) reporting all exceptions to the Board at least quarterly.

ARTICLE VIII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) Within ninety (90) days of this Agreement, the Board shall forward to the Assistant Deputy Comptroller revised policies and procedures for maintaining and documenting an appropriate Allowance in accordance with Generally Accepted Accounting Principles ("GAAP"). Refer to the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47), for guidance. The Allowance policies and procedures shall include, at a minimum:

(a) criteria and procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification ("ASC") 310-10;

(b) procedures requiring use of the correct accounting method for measuring the amount of impairment

(c) procedures to document the reasons for impairment

(d) procedures to maintain documentation for each impaired loan;

(e) review of each impaired loan no less than quarterly;

(f) procedures to ensure that if a loan is collateral dependent the fair value of the collateral is supported by a current appraisal or other appropriate evaluation;

(g) criteria and procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with ASC 450-20;

(h) an outline of qualitative factors, including the rate of exceptions within the loan portfolio, that will be used in Allowance calculations;

(i) written narratives to support qualitative factor adjustments;

(j) presentation to the Board no less than quarterly of a written narrative to support the Allowance balance;

(k) independent validation of the Allowance no less than annually;

(2) Prior to adoption by the Board, the Allowance policies and procedures required by paragraph (1) of this Article shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall promptly adopt, and the Bank shall implement and adhere to, the Allowance policies and procedures required by paragraph (1) of this Article. Any revisions to the Allowance policies and procedures shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(3) The Board shall review the Allowance at least once each quarter, and more frequently if required by the Assistant Deputy Comptroller in writing. The Board shall ensure that the Bank remedies any deficiency in the Allowance in the quarter it is discovered by additional provisions from earnings. The Board shall maintain written documentation indicating the factors it considered and conclusions it reached in determining the adequacy of the Allowance. The Board's review of the Allowance must be documented in the Board minutes.

ARTICLE IX

EMPLOYEE COMPENSATION PROGRAM

(1) Within ninety (90) days of this Agreement, the Board shall prepare an Employee Compensation Plan that sets forth the criteria used to determine compensation levels for the SBA manager, business development officers, underwriters, and loan officers. The criteria shall provide measures and controls to ensure that commission-based compensation arrangements promote quality and long-term performance, and include, at a minimum:

(a) recusals by any officer, employee, or director who may benefit directly or indirectly (other than in his or her capacity as a shareholder of the Bank's holding company) from the granting of the credit from any participation in the loan approval process;

(b) compliance with sound underwriting standards prior to the payment of commissions, bonuses and other compensation;

(c) commission, bonus and other compensation amounts that consider the quality and ongoing performance of loans generated, including financial statement exception levels as appropriate for the position; and

(d) hold-back provisions for incentive-based compensation arrangements that require substantial portions of the compensation be withheld and not paid in the event the loan is not sold, is returned by an investor, or becomes criticized within one year of its funding date.

(2) Prior to adoption by the Board, the Employee Compensation Plan required by paragraph (1) of this Article shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Following receipt of the Assistant Deputy

Comptroller's written determination of no supervisory objection, the Board shall promptly adopt, and the Bank shall implement and adhere to, the Employee Compensation Plan required by paragraph (1) of this Article. Any revisions to the Employee Compensation Plan shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

ARTICLE X

CORPORATE GOVERNANCE

(1) The Board shall ensure that the Bank has competent management and staff in place on a full-time basis to carry out the Bank's policies, ensure compliance with this Agreement, applicable laws, rules, and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within ninety (90) days of this Agreement, the Board shall develop and submit to the Assistant Deputy Comptroller, for review and prior written determination of no supervisory objection, an assessment of the Bank's management structure and staffing requirements in light of the Bank's present condition ("Staffing Assessment"). At a minimum, the Staffing Assessment will:

(a) identify the skills and expertise needed to execute and sustain a safe and sound system of internal controls and risk management for each area of the Bank and identify any gaps in those skills and/or expertise within the Bank's current management and staff;

(b) develop a plan for how the Bank can address any gaps or deficiencies identified pursuant to Subparagraph (2)(a) of this Article;

(c) evaluate current lines of authority, reporting responsibilities and delegation of duties for all officers, including identification of any overlapping duties or responsibilities;

(d) conclude on the appropriateness of each individual's compensation, including salary and fee income;

(e) include an organization chart that clearly reflects areas of responsibility and lines of authority for all officers; and

(f) include a detailed written job descriptions for all officers and objectives by which management's effectiveness will be measure.

(3) The Assistant Deputy Comptroller shall inform the Board promptly in writing of any deficiencies in the Staffing Assessment, and the Board shall address those deficiencies promptly and submit a revised Staffing Assessment to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. Upon receiving a prior written determination of no supervisory objection by the Assistant Deputy Comptroller, the Board shall promptly adopt, and the Bank shall implement and adhere to, the Staffing Assessment. Any revisions to the Staffing Assessment shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(4) The Compliance Committee shall ensure that the Bank corrects any deficiencies identified by the Staffing Assessment and implements any plans or recommendations resulting from the Staffing Assessment.

(5) Thereafter, the Compliance Committee will ensure that the Bank, at least as frequently as annually, evaluates the skills, experience and expertise of Bank management and

staff to determine if there are any material deficiencies in skills or expertise and develop a plan to address any identified gaps or deficiencies.

(6) Minutes of board meetings, board committee meetings, and executive sessions shall completely and accurately document the board's review and discussion of material action items, any actions taken, follow-up items to be addressed at subsequent meetings, and any other issues that arise. Minutes shall be timely and presented for approval at the next meeting of the board.

ARTICLE XI

AUDIT COMMITTEE OVERSIGHT

(1) The Board shall implement and ensure Bank adherence to an independent and comprehensive audit program that includes, at a minimum:

(a) a documented link between risk assessment and the scope and frequency of audits;

(b) the development of an audit schedule that includes planned audit dates and is updated periodically to reflect changes in regulatory requirements, the Bank's systems and operating environment, and new products or services;

(c) a review of progress for all auditors at least quarterly to ensure scheduled audits are being completed and reported to the Audit Committee;

(d) a requirement that compliance audit engagement letters require audit reports to contain sufficient detail, summary findings, whether issues identified represent new or repeat findings, and the risk to the Bank;

(e) a formal written management response for all material negative audit findings and exceptions;

(f) a requirement for Bank-established timeframes for addressing negative audit findings;

(g) appropriate monitoring and documentation of corrective actions;

(h) documentation of efforts to address audit weaknesses; and

(i) adequate sample sizes and independent testing.

ARTICLE XII

GENERAL BOARD RESPONSIBILITIES

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Agreement.

(2) In each instance in which this Agreement imposes responsibilities upon the Board, it is intended to mean that the Board shall:

(a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;

(b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;

(c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;

(d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;

(e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Agreement; and

(f) address any noncompliance with corrective actions in a timely and appropriate manner.

ARTICLE XIII

OTHER PROVISIONS

(1) As a result of this Agreement, the Bank is in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC. In addition, as a result of this Agreement, the Bank is not an “eligible bank” or “eligible depository institution” for purposes of 12 C.F.R. § 5.3(g), 12 C.F.R. § 5.3(h), and 12 C.F.R. § 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii), and 24.2(e)(4).

ARTICLE XIV

CLOSING

(1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations

herein undertaken by the Bank under its supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time. The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, or within any plan or program submitted pursuant to this Agreement, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Agreement or plan or program submitted pursuant to this Agreement, and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(3) The Bank will not be deemed in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of the corrective actions requires sufficient passage of time to demonstrate the sustained effectiveness of the corrective actions.

(4) The OCC may enforce the terms of this Agreement pursuant to its statutory authority, including 12 U.S.C. § 1818(i)(1).

(5) Each citation or reference to guidance included in this Agreement includes any subsequent issuance that replaces, supersedes, amends, or revises the referenced law, regulation, or guidance.

(6) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to enter into this Agreement.

(7) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, by overnight mail or via email, to the following:

Assistant Deputy Comptroller
Office of the Comptroller of the Currency
San Francisco Field Office
One Front Street, Suite 1000
San Francisco, CA 94111

(8) The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/s/	12/31/2018
John Stanley Assistant Deputy Comptroller San Francisco Field Office	Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of Beacon Business Bank, N.A., have hereunto set their signatures on behalf of the Bank.

/s/	12/13/2018
James A. Babcock	Date
/s/	12/13/2018
John Conover	Date
/s/	12/13/2018
Denis J. Daly, Jr.	Date
/s/	12/13/2018
Steven Leonard	Date
/s/	12/13/2018
Robert (Bob) Lussier	Date
/s/	12/14/2018
Richard Pimentel	Date
/s/	12/13/2018
Richard Rodriguez	Date