

## ***Excessive or Luxury Expenditures Policy***

This policy fulfills the requirements under the Emergency Economic Stabilization Act Of 2008 (EESA), as amended by the American Recovery and Reinvestment Act of 2009 (ARRA), and implementing the “Interim Final Rule” issued by the US Department of the Treasury effective as of June 15, 2009. These statues and regulations require each recipient of funds under the Capital Purchase Program (CPP) of the Troubled Assets Relief Program (TARP) to have in place a company-wide policy regarding excessive or luxury expenditures.

### **Entertainment or Events:**

Sponsorship of excessive entertainment or events is strictly prohibited. Any single entertainment, sponsorship or any type of business event costing in excess of \$5,000.00 requires the approval of the CEO and the CFO along with a stated business purpose and some type of benefit to the Bank.

The CEO and the CFO will report to the Board of Directors at least twice a year and certify annually that covered expenses were approved in accordance with this policy.

### **Office and Facility Renovations:**

Office and facility renovations will be designed to enhance operational efficiency, maintain a safe and healthy work environment, enhance public image of the organization or any other worthwhile business purpose identified by Pascack Community Bank. Any renovations that are deemed excessive from a shareholders perspective are prohibited. This policy does not limit management’s ability to make emergency renovations which might occur due to an act of nature.

### **Aviation or Other Transportation Services:**

The Bank does not own a corporate jet. The Bank does own a vehicle which is used for courier services between the Bank’s branches. Transportation for Pascack Community Bank staff to training conferences and any business development events will be done in a cost appropriate way for the Bank. Excessive transportation service expenditures are prohibited.

**Other Activities or Events:**

Other activities or events that are not reasonable expenditures for staff development or deemed reasonable for employee incentives or other similar measures in the normal course of business operations are prohibited.

Recognizing that it would be impossible to identify every type of other similar items, activities or events that could fall within this policy, the policy does not place limits on other activities but instead requires that employees seek their supervisor's approval for any covered expense that could be restricted. The CEO or CFO have the authority to approve other similar activities.

**Internal Reporting of Violations to this Policy:**

Any employee that has knowledge of any violations to the Excessive and Luxury Expenditures Policy should promptly report the suspected violation, in writing, to the CFO. The internal reporting of violations of the policy will be kept discreet. The CFO will investigate the suspected violation to see if the violation has any merit and if it was previously approved by the CEO. Once it has been substantiated that it truly is a violation to this policy, the CFO will request a written response from the employee that has created the violation. Both the written violation and the written response will be presented to the Board Compensation Committee. The Board Compensation Committee and Executive Management, along with the risk committee, will determine what, if any, disciplinary actions will be taken against the employee who created the violation.

**Accountability for Adherence to this Policy:**

The CEO shall be responsible for implementing adequate controls to assure compliance with this Policy. The CEO may delegate such responsibilities as appropriate.

If an employee is found violating this policy, that employee shall be subject to disciplinary action pursuant to Pascack Community Bank's Personal Policy.

This policy is intended to strengthen policies and procedures and to ensure compliance with the US Department of the Treasury standards with regards to excessive or luxury expenditures.