

UNITED STATES OF AMERICA
BEFORE THE
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

Written Agreement by and between

PRINCETON CAPITAL HOLDINGS LLC
Ewing, New Jersey

PRINCETON CAPITAL LLC
Ewing, New Jersey

PRINCAP HOLDINGS ONE LLC
Ewing, New Jersey

and

FEDERAL RESERVE BANK OF
PHILADELPHIA
Philadelphia, Pennsylvania

Docket No. 19-016-WA/RB-HC

WHEREAS, Princeton Capital Holdings LLC, Ewing, New Jersey (“Holdings”), is a registered savings and loan holding company, Princeton Capital LLC, Ewing, New Jersey (“Capital”) is a registered savings and loan holding company, and PrinCap Holdings One LLC, Ewing, New Jersey (“PrinCap”) is a registered savings and loan holding company, that own and control Resolute Bank, Maumee, Ohio (the “Savings Bank”), a federal savings bank;

WHEREAS, it is the common goal of Holdings, Capital, and PrinCap (collectively, the “Companies”), and the Federal Reserve Bank of Philadelphia (the “Reserve Bank”) to maintain the financial soundness of the Companies so that the Companies may serve as a source of strength to the Savings Bank;

WHEREAS, the Companies acknowledge the need to preserve the Companies' assets to meet any near term capital demands by the Savings Bank;

WHEREAS, the Companies acknowledge that asset restrictions requiring each Company's assets in the form of cash or cash equivalents are necessary in order to meet near term capital demands by the Savings Bank;

WHEREAS, the Companies acknowledge that asset restrictions requiring the Companies to obtain the prior written approval of the Reserve Bank for any reduction to a Company's assets to pay operating costs outside of the Company's ordinary course of business are necessary to preserve the Companies' assets;

WHEREAS, the Companies and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, on April 4, 2019, a majority of the managing members of the Companies, at duly constituted meetings, adopted resolutions authorizing and directing G. Mark Loreto and Gary Hoyer to enter into this Agreement on behalf of each of the Companies, and consenting to compliance with each and every provision of this Agreement by the Companies.

NOW, THEREFORE, Holdings, Capital, PrinCap, and the Reserve Bank agree as follows:

Source of Strength

1. The Companies shall take appropriate steps to fully utilize the Companies' financial and managerial resources, pursuant to section 38A of the Federal Deposit Insurance Act, as amended (the "FDI Act") (12 U.S.C. § 1831o-1) and section 238.8(a) of Regulation LL of the Board of Governors of the Federal Reserve System (the "Board of Governors") (12 C.F.R. § 238.8(a)), to serve as a source of strength to the Savings Bank, including, but not limited to,

taking appropriate steps to ensure that the Savings Bank complies with the Consent Order entered into with the Office of the Comptroller of the Currency on October 3, 2012, and any other supervisory action taken by the Savings Bank's federal regulator.

Internal Controls

2. Within 60 days of this Agreement, the Companies shall submit to the Reserve Bank acceptable written policies and procedures designed to strengthen the Companies' system of internal controls and to maintain the accuracy of the organization's books and records that shall, at a minimum, address, consider, and include:

(a) measures to ensure the completeness and accuracy of the Companies' books and records, including consistent application of generally accepted accounting principles ("GAAP");

(b) steps to ensure the maintenance of separate bank accounts and the establishment and maintenance of investment accounts for assets owned by the Companies that are titled in the name of the Companies; and

(c) measures that provide for the proper safeguarding and accounting of assets and the accuracy of financial reports.

Regulatory Reports

3. (a) Within 60 days of this Agreement, the Companies shall submit to the Reserve Bank acceptable written procedures to strengthen and maintain internal controls to ensure that all required regulatory reports and notices filed with the Reserve Bank accurately reflect the Companies' financial condition and are filed in accordance with the applicable instructions for preparation.

(b) Within 60 days of this Agreement, Companies shall file amended Parent Company Only Financial Statements for Small Holding Companies (FR Y-9SP) regulatory reports to correct any report previously filed for December 31, 2016, June 30, 2017, and December 31, 2017, that did not comply with regulatory reporting requirements.

Interaction with Regulatory Authorities

4. Within 45 days of this Agreement, each Company shall submit a written policy and procedure that govern the conduct of the Companies' personnel in all supervisory and regulatory matters, including, but not limited to, interaction with and requests for information by examiners for the Companies, acceptable to the Reserve Bank. The policies and procedures shall, at a minimum, ensure that all the Companies' personnel provide prompt, complete, and accurate information to examiners and provide for employee training that emphasizes the importance of full cooperation with banking regulators by all employees.

Conflicts of Interest Policy

5. Within 90 days of this Agreement, each of the Companies shall develop a written conflicts of interests policy that shall, at a minimum, apply to all members, officers or employees of the Companies and address the responsibilities for conduct and the avoidance of conflicts of interest, and the appearance thereof, in transactions involving affiliates.

Affiliate Transactions

6. (a) The Companies shall take all necessary actions to ensure that the Savings Bank complies with sections 23A and 23B of the Federal Reserve Act (12 U.S.C. §§ 371c and 371c-1) and Regulation W of the Board of Governors (12 C.F.R. Part 223) in all transactions between the Savings Bank and its affiliates, including the Companies.

(b) The Companies shall not cause the Savings Bank to violate any provision of sections 23A and 23B of the Federal Reserve Act or Regulation W of the Board of Governors.

(c) Within 30 days of this Agreement, the Companies shall submit to the Reserve Bank an acceptable written policy regarding transactions between the Companies and the Savings Bank, including, but not limited to, allocation of expenses.

Asset Restrictions

7. (a) Within 10 days of this Agreement, each Company shall submit to the Reserve Bank a complete accounting of the Company's assets which shall, at a minimum, include: (i) the current market value of each non-Savings Bank stock asset, (ii) the current book value of Savings Bank stock, (iii) the name of the account in which the asset is held, and (iv) the location of the asset.

(b) Each Company shall, thereafter: (i) maintain the Company's non-Savings Bank stock assets in cash or cash equivalents and (ii) not change the location of the asset without the prior written approval of the Reserve Bank.

(c) Each Company shall not pay any operating expense outside of the ordinary course of business without the prior written approval of the Reserve Bank, provided that expenses directly related to any recapitalization of the Savings Bank, including but not limited to reasonable legal, accounting, and investment banking fees, shall be deemed to be operating expenses in the ordinary course of business. Any request for prior approval pursuant to this paragraph shall be accompanied by documentation adequate to provide the Reserve Bank with the details of the operating expense to be paid by the Company.

(d) Within 45 days after the end of each calendar quarter following this Agreement, each Company shall submit to the Reserve Bank the value of the Company's assets.

Distributions to Membership Interests and Dividends

8. (a) The Companies shall not declare or make any distributions to members relating to the members' membership interests to the members' capital accounts without the prior written approval of the Reserve Bank and the Director of the Division of Supervision and Regulation (the "Director") of the Board of Governors.

(b) The Companies shall not directly or indirectly take dividends or any other form of payment representing a reduction in capital from the Savings Bank without the prior written approval of the Reserve Bank.

(c) All requests for prior approval shall be received by the Reserve Bank at least 30 days prior to the date of the proposed distribution. All requests shall contain, at a minimum, current and projected information on the Companies' capital, earnings, and cash flow; the Savings Bank's capital, asset quality, earnings, and allowance for loan and lease losses; and identification of the sources of funds for the proposed payment or distribution. For requests to declare or pay distributions, the Companies must also demonstrate: (1) the organization's net income available to members over the past year has been sufficient to fully fund the distributions and (2) the prospective rate of earnings retention appears consistent with the organization's capital needs, asset quality, and overall financial condition.

Debt and Membership Unit Redemption

9. (a) The Companies shall not, directly or indirectly, incur, increase, or guarantee any debt without the prior written approval of the Reserve Bank. All requests for prior written approval shall contain, but not be limited to, a statement regarding the purpose of the debt, the terms of the debt, and the planned source(s) for debt repayment, and an analysis of the cash flow resources available to meet such debt repayment.

(b) The Companies shall not, directly or indirectly, purchase or redeem any membership units that comprise a member's membership interests without the prior written approval of the Reserve Bank.

Cash Flow Projections

10. Within 60 days of this Agreement, each of the Companies shall submit to the Reserve Bank a written statement of their planned sources and uses of cash for debt service, operating expenses, and other purposes ("Cash Flow Projection") for the remainder of 2019. Each of the Companies shall submit to the Reserve Bank Cash Flow Projections for each calendar year subsequent to 2019 at least one month prior to the beginning of that calendar year.

Progress Reports

11. Within 45 days after the end of each calendar quarter following the date of this Agreement, the managing member of each Company shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof, and a parent company only balance sheet, income statement, and, as applicable, report of changes in the membership interests held by each member.

Approval and Implementation of Policies and Procedures

12. (a) The Companies shall submit written policies and procedures that are acceptable to the Reserve Bank within the applicable time period set forth in paragraphs 2, 3, 4, 5, and 6(c) of this Agreement.

(b) Within 10 days of approval by the Reserve Bank, the Companies shall adopt the approved plans and program. Upon adoption, the Companies shall promptly implement the approved plans and program, and thereafter fully comply with them.

(c) During the term of this Agreement, the approved plans and program shall not be amended or rescinded without the prior written approval of the Reserve Bank.

Communications

13. All communications regarding this Agreement shall be sent to:

- (a) Mr. Christopher C. Henderson
Assistant Vice President
Federal Reserve Bank of Philadelphia
Ten Independence Mall
Philadelphia, Pennsylvania 19106
- (b) Mr. G. Mark Loreto
Managing Member
Princeton Capital Holdings LLC
Princeton Capital LLC
PrinCap Holdings One LLC
820 Bear Tavern Road, Suite 303
Ewing, New Jersey 08628

Miscellaneous

14. Notwithstanding any provision of this Agreement, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Companies to comply with any provision of this Agreement.

15. The provisions of this Agreement shall be binding upon the Companies and their institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)), in their capacities as such, and their successors and assigns.

16. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

17. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting the Companies, the Savings Bank, any nonbank subsidiary of the

Companies, or any of their current or former institution-affiliated parties and their successors and assigns.

18. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the 4th day of April, 2019.

PRINCETON CAPITAL HOLDINGS LLC

By: /s/ G. Mark Loreto
G. Mark Loreto
Managing Member

By: /s/ Gary Hoyer
Gary Hoyer
Managing Member

PRINCETON CAPITAL LLC

By: /s/ G. Mark Loreto
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Managing Member

By: /s/ Gary Hoyer
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Managing Member

PRINCAP HOLDINGS ONE LLC

By: /s/ G. Mark Loreto
G. Mark Loreto
Managing Member

By: /s/ Gary Hoyer
Gary Hoyer
Managing Member

FEDERAL RESERVE BANK
OF PHILADELPHIA

By: /s/ William T. Wisser
William T. Wisser
Vice President