



Community Partners Bancorp

**Luxury Expenditures Policy**

## Luxury Expenditures Policy

The Board of Directors of Community Partners Bancorp pursuant to the provisions of Section 111(d) of the Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009 (“EESA”), is adopting this Excessive and Luxury Expenditure Policy. This policy sets standards for expenditures by Community Partners Bancorp (“CPB”) and its subsidiaries, including Two River Community Bank, (collectively the “Bank”) that would be deemed excessive or luxury expenditures which are not permitted and would violate this policy against such excessive or luxury expenditures in four categories of activities: (1) entertainment or events, (2) office and facility renovations, (3) aviation or other transportation services, and (4) other items, activities or events which the Bank reasonably anticipates incurring expenses, or reimbursing an employee for incurring expenses. The Secretary of the U.S. Department of the Treasury has adopted interim final regulations implementing Section 111(d) of EESA, and may adopt future regulations which may require modification of this policy.

The Bank’s historic practice has been to carefully control expenses and avoid unnecessary or excessive expenditures of Bank funds. We expect officers and employees to continue this practice. With respect to the matters specifically referenced in Section 111(d) of EESA, the Board of Directors of CPB provides the following guidance:

- 1. Customer and Goodwill Entertainment or Events.** The Bank supports events in its service area at a level consistent with the Bank’s maintaining an appropriate public image and support of worthy causes. Use of Bank funds for such purposes shall be approved as provided in Bank policies. If a particular expenditure for an event exceeds \$3,000.00, the expenditure must be approved by the president of the Bank. Entertainment of customers or potential customers of the Bank must be conducted in accordance with the Bank’s expense policies, and no expenditure for the benefit of a customer as entertainment may exceed \$500.00 per event, per individual entertained, without approval of the president of the Bank.
- 2. Employee Recognition/Holiday Parties.** Management of the Bank may plan employee recognition events and holiday parties to continue to support employee morale. These events shall be held within the State of New Jersey to the extent reasonable or adjacent states at a cost consistent with past practices and generally not to exceed \$100.00 per person for a single event without the approval of the president of the Bank.
- 3. Board/Management Retreats.** Board and management retreats should only be held where the focus is educational and business related and should be geographically within the State of New Jersey or its adjacent states, except where educational or business events hosted by third parties are in other locations. Attendance at meetings of bankers associations or similar professional or trade functions are encouraged and permitted by this policy even if they are outside the geographical boundaries set forth above.

4. **Aviation and Other Transportation Services.** Except where circumstances require, employees, officers and directors using aviation transportation for the Bank's business are to use scheduled commercial air services wherever possible. All domestic scheduled flights should be arranged using economy fares, unless the president of the Bank approves the use of business or first class bookings. Use of the mode of transport should be determined based upon the purpose of the trip, convenience and overall cost.
5. **Office and Facility Renovations.** Office and facility renovations should be evaluated based upon the official status of the person occupying the space, and whether the space is generally accessible by customers of the Bank. The renovations must be consistent with the performance of the officer or employer of his or her functions at the Bank. Expenditures in excess of \$5,000.00 for offices and facility renovation require the approval of the president of the Bank. Maintenance and repair of office space, whether on an emergency basis or in the ordinary course of business, is exempt from this requirement.

Where expenditures requiring the approval of the president of the Bank are to be incurred by the president of the Bank, the president shall obtain such approval from a director of CPB who is not an officer or employee of the Bank. The president of the Bank shall have the authority to interpret and implement this policy with respect to all employees and officers of the Bank, and the chairman of the board of the CPB shall interpret and implement this policy with respect to the president of the Bank and the president of CPB.

The principal executive officer of CPB and principal financial officer of CPB shall require the Bank to retain appropriate records to demonstrate compliance with this policy, including periodic certifications to the board of directors of CPB that approvals required by this policy were obtained.

If any employee of the Bank becomes aware of a violation of this policy, such employee shall report such violation to the principal executive officer or principal financial officer of the CPB.

All employees of the Bank shall adhere to the requirements of this policy. Breach of this policy by an employee may result in disciplinary actions by the Bank, including but not limited to, termination of employment.