

PURPOSE

The Board of Directors of Broadway Federal Bank (the “Company”) has delegated to the Compensation Committee strategic and administrative responsibility on a broad range of overall Company compensation, benefits and stock option issues.

The Compensation Committee is responsible for the review and reporting to the Board of Directors on all executive compensation matters that impact the Company and its subsidiaries.

It is the Committee’s responsibility to ensure that the Chief Executive Officer, other officers and key management of the Company are compensated in a manner that will attract, motivate and retain the best possible management team for the shareholders of the Company.

It is the Committee’s responsibility to ensure that compensation paid is consistent with the strategic goals of the Company; is based on performance against predetermined goals; is internally equitable and competitive, and is consistent with all regulatory requirements.

The Committee is also responsible for the communication to shareholders regarding the Company’s compensation philosophy and the reasoning behind its compensation policies by producing an annual report on executive compensation for inclusion in the Company’s proxy statement in accordance with the rules and regulations of the Securities and Exchange Commission.

COMMITTEE MEMBERSHIP

The Committee will be comprised of a minimum of three outside directors. Members shall be appointed annually by the Board and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Members will not be officers or employees of the company (or an individual who has served in that capacity during the past three years).

MEETINGS AND STRUCTURE

The Committee will meet on a regular basis. Special meetings of the Committee may be called if warranted, and actions may be taken by unanimous written consent when deemed necessary or desirable by the Committee or its chairperson.

The Committee may invite, consistent with maintaining confidentiality of its discussions, any other person the Committee or its chairperson deems necessary or desirable to assist the Committee in its deliberations.

COMMITTEE RESPONSIBILITIES

1. The Committee shall review the compensation strategy for the Company on an annual basis. The Committee shall have a strategy in place for base salary, bonus (short term incentive), equity (long term incentive) and benefits. The primary goal of the compensation strategy is to insure that the Company has the compensation programs in place to attract, retain and motivate the best possible workforce.
2. At the executive level, the strategy should ensure that the Chief Executive Officer and the members of executive management are rewarded appropriately for their contributions to Company growth and profitability. The executive compensation strategy must support the Company's business strategy and be aligned in a manner that is in the best interest of shareholders.
3. The Committee will annually review and approve the individual elements of total compensation for the Chief Executive Officer, including corporate goals and objectives relevant to the CEO's compensation, evaluate the performance of the CEO in light of those goals and objectives, and set the CEO's compensation level based upon this evaluation.
4. The Committee will review and approve the recommendations made by the Chief Executive Officer on all other officers of the Bank as defined in Section 16 of the Securities Exchange Act of 1934 as amended and Rule 16 a-1 promulgated thereunder (each a "Section 16 Officer").
5. The Committee will review and approve any severance or similar termination payments proposed to be made to any current or former Section 16 Officer.
6. The Committee will prepare and communicate in the annual Board Compensation Committee Report to shareholders the factors and criteria on which the compensation for the prior year for the CEO was based, including the relationship of the Company's performance to executive compensation.
7. The Committee will ensure that the annual executive incentive compensation plan is administered in a manner consistent with the Company's compensation strategy. The Committee will approve the following plan elements:
 - Participation
 - Target annual incentive awards
 - Corporate financial goals

- Actual awards paid to the CEO and members of Executive Management
 - Total funds reserved for payment under the plan
8. The Committee will approve for submission to shareholders all new equity-related incentive plans, and administer the Company's long-term incentive programs in a manner consistent with the terms of the plans as to the following:
- Participation
 - Vesting Requirements
 - Awards to the CEO and members of Executive Management
 - Total shares reserved for awards
9. The Committee will review with the CEO matters relating to management succession, bench strength and organizational development.
10. The Committee will review and approve the Company's annual salary increase budget and any policy issues related to the administration of the Company's salary or benefit programs.
11. The Committee will prepare required reports for the Board of Directors.
12. In consultation with management, the Committee will oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility.
13. The Committee will consider and recommend to the Board for approval corporate title appointments of Senior Vice Presidents and above.
14. The Committee will review and make recommendations to the Board to ensure the adequacy and appropriateness of Director compensation and benefits.
15. The Committee will semi-annually review executive and all incentive compensation to ensure compliance with TARP and to make sure the plans do not encourage "unnecessary or excessive" risk taking.
16. The Committee will annually certify to the Department of Treasury the Bank's compliance with TARP regulations.
17. The Committee will annually develop a non-binding shareholder "Say on Pay" vote.

18. The Committee will meet annually with executives and incentive plan participants and state the Board's strong views against "excessive and unnecessary" risk taking. Committee will ensure all plan participants sign the TARP waiver form.
19. The Committee will manage the CD&A disclosure as it relates to compensation consultant disclosure and disclosure of all perquisites totaling over \$25,000.
20. The Committee may retain its own outside experts for advice on any matter under review, as the Committee may deem necessary or appropriate and without seeking approval of the Board or Management.
21. The Committee shall perform any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to the Company's compensation programs.