



POLICY ON EXCESSIVE OR LUXURY EXPENDITURES

As a recipient of capital under the Troubled Asset Relief Program (TARP), we are required to institute various measures to control expenditures. In compliance with those regulations, the Boards of Directors of Broadway Financial Corporation and Broadway Federal Bank have adopted the following policy concerning “excessive or luxury expenditures”:

Our shareholders expect and deserve our full attention to increasing shareholder value. While revenue and earnings growth are the components most often discussed, expense control is just as important. During these troubled economic times reducing expenditures is expected of everyone throughout the organization.

Effective immediately, expenditures for entertainment, events, office and facility renovations, seminars, conferences, aviation and other transportation services which, as a single item or as a total project or service, exceeds \$5,000 will require CEO, COO or CFO approval. Any such items exceeding \$25,000 will also require Board approval. Both such approvals need to be obtained prior to the expense being committed.