

Dear Loan Originators,

In an effort to take into consideration recent nationwide legal developments in the way courts will analyze and interpret arbitration provisions contained in employment agreements, I am providing you with the attached proposed Amendment to your Loan Originator Employment Agreement. Please read the Amendment carefully as you will have the option of replacing the paragraph in your Loan Originator Employment Agreement entitled "Arbitration/Governing Law/Consent to Jurisdiction" with either Option A or Option B as set forth in the attached Amendment. The main difference between the two options, which you should carefully review, is that Option A will allow you to pursue any claims against Waterstone in arbitration in your home state, while Option B will allow you to pursue any claims against Waterstone in the courts of Wisconsin (or in any other forum directed by those courts). Under either Option A or Option B, you will be permitted to join together with other Waterstone employees in pursuit of any claims against Waterstone.

In addition, it is also important that you realize that by executing the attached Amendment you may jeopardize any right you may have to join an arbitration proceeding filed by a former Waterstone employee, Pamela Herrington, alleging that loan officers were not paid properly and were not treated in accordance with their employment agreements. You are included in the description of the class in the arbitration proceeding and executing the Amendment will impact your right to potentially join that arbitration against Waterstone.

Should you have any questions regarding the Amendment, please contact your Branch Manager. I would appreciate it if you would complete and return this Amendment to your Branch Manager by July 31, 2012. Thank you for your cooperation and understanding.

Eric Egenhoefer

Enclosure

cc: All Branch Managers