

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF
STEWARDSHIP FINANCIAL CORPORATION
(approved as of December 16, 2014)**

I. PURPOSE OF THE COMMITTEE

The purposes of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of Stewardship Financial Corporation (the "Corporation") shall be to oversee the Corporation's compensation and employee benefit plans and practices, including its executive compensation plans and its incentive-compensation and equity-based plans; and to produce a Committee report on executive compensation as required by the Securities and Exchange Commission ("SEC") to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more directors as determined from time to time by the Board; such director nominees shall have first been proposed to the Committee, by any Board member, which Committee, after its consideration of the qualifications of each proposed nominee shall, by majority vote, promptly forward the Committee's choice of nominee directly to the Board of Directors for any action the Board may wish to take; *provided however*, that in the event the Committee shall offer no timely nominee, the Board of Directors may take up the matter de novo. Members of the Committee shall be appointed annually for a one-year term (or, if a successor has not been duly appointed, until a successor is appointed.)

Each member of the Committee shall be qualified to serve on the Committee pursuant to the requirements of The Nasdaq Stock Market, Inc. ("Nasdaq"), and any additional requirements that the Board deems appropriate. Members of the Committee shall also qualify as "non-employee directors" within the meaning of Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended, and "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall satisfy any other necessary standards of independence under the federal securities and tax laws.

The chairperson of the Committee shall be designated by the Board, *provided* that if the Board does not so designate a chairperson, the members of the Committee, by a majority vote, may designate a chairperson.

Any vacancy on the Committee shall be filled by the Board. No member of the Committee shall be removed except by the Board.

III. MEETINGS AND PROCEDURES OF THE COMMITTEE

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than annually. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary.

The Committee may form subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate; *provided, however*, that no subcommittee shall consist of fewer than two members; and, *provided further*, that the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.

A majority of the members of the Committee present in person or by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum.

The Committee shall maintain minutes of its meetings and records relating to those meetings and shall report regularly to the Board on its activities, as appropriate.

The Committee will undertake a review of and re-assess the adequacy of this Charter on an annual basis and recommend any proposed changes to the Nominating & Governance Committee for their review.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

A. *Executive Compensation*

The Committee shall have the following duties and responsibilities with respect to the Corporation's executive compensation plans:

(a) To review at least annually the Corporation's overall executive compensation philosophy and the goals and objectives thereof as well as the risks attributable to and/or arising therefrom, and to amend, or to recommend that the Board amend, the philosophy and/or the goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Corporation's executive compensation plans in light of the Corporation's goals and objectives with respect to such plans and, if the Committee deems appropriate, adopt, or recommend to the Board the adoption of, new, or the amendment of existing, executive compensation plans.

(c) To review, evaluate and discuss with the Corporation's Senior Risk Officer at least semi-annually (i) the Corporation's executive compensation plans for the

senior executive officers and the risks these plans may pose in order to ensure that such plans do not encourage such executives to take unnecessary and excessive risks that threaten the value of the Corporation, (ii) the Corporation compensation plans for all employees throughout the Corporation in light of the risks potentially posed to the Corporation by such plans and to ensure that these plans do not encourage the manipulation of reported earnings of the Corporation to enhance the compensation of any of the Corporation's employees.

(d) To take such actions as the Committee deems necessary to limit risks after the risk-related reviews.

(e) To certify the completion of the foregoing reviews of the executive compensation plans and other employee compensation plans with the Corporation's Senior Risk Officer.

(f) To fulfill the Committee's duties and responsibilities related to the compensation of executives and other employees under the Emergency Economic Stabilization Act of 2008 (the "EESA"), as amended by the American Reinvestment and Recovery Act of 2009 and as may be further amended from time to time and as may be interpreted by regulations or other guidance or pursuant to any agreement with the United States Department of Treasury, the Federal Deposit Insurance Corporation and/or other governmental authority.

(g) To establish and review at least annually a luxury expenditures policy, as defined in the regulations and guidance under the EESA.

(h) To obtain advice and assistance, as needed, from legal counsel, accounting firms, search firms, compensation specialists or other advisors, with the sole authority to retain, terminate and negotiate the terms and conditions of the assignment acknowledging that relationships with compensation consultants shall be disclosed in accordance with the EESA and other applicable law.

(i) To evaluate annually the performance of the Chief Executive Officer in light of the goals and objectives of the Corporation's executive compensation plans, and determine and approve, or recommend to the Board for its approval, the Chief Executive Officer's compensation level based on this evaluation. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee shall consider all relevant factors, including the Corporation's performance and relative stockholder return, the value of similar awards to chief executive officers of comparable companies, and the awards given to the Chief Executive Officer of the Corporation in past years. The Committee shall discuss the Chief Executive Officer's compensation with the Board. The Chief Executive Officer shall not be present during any deliberations and voting regarding such compensation.

(j) To evaluate annually the performance of the other executive officers of the Corporation in light of the goals and objectives of the Corporation's executive compensation plans, and determine and approve, or recommend to the Board for its approval, the compensation of such other executive officers. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Committee shall consider all relevant factors in determining the appropriate level of such compensation, including the factors applicable with respect to the Chief Executive Officer.

(k) To evaluate annually the appropriate level of compensation for Board and Committee service by non-employee members of the Board.

(l) To review and approve any severance or termination arrangements to be made with any executive officer of the Corporation.

(m) To perform such duties and responsibilities as may be assigned to the Board or the Committee under the terms of any executive compensation plan.

(n) To review perquisites or other personal benefits to the Corporation's executive officers and recommend any changes to the Board.

(o) To produce a Committee report on executive compensation as required by SEC rules to be included in the Corporation's annual proxy statement or annual report on Form 10-K filed with the SEC.

(p) To review and evaluate the results of the Corporation's annual say-on-pay voting and determine whether to make recommendations to the Board of Directors relating to such results.

(q) To regularly report to the Board of Directors on the Committee's activities.

B. General Compensation and Employee Benefit Plans

In addition to the duties and responsibilities described in Section A, above, the Committee shall have the following duties and responsibilities with respect specifically to the Corporation's general compensation and employee benefit plans, including incentive-compensation and equity-based plans:

(a) To review at least annually the goals and objectives of the Corporation's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Corporation's general compensation plans and other employee benefit plans, including incentive-compensation and equity-based plans, in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems it appropriate.

(c) To review all equity-compensation plans to be submitted for stockholder approval under the Nasdaq listing standards, and to review and, in the Committee's sole discretion, approve all equity-compensation plans that are exempt from such stockholder approval requirement.

(d) To perform such duties and responsibilities as may be assigned to the Board or the Committee under the terms of any compensation or other employee benefit plan, including any incentive-compensation or equity-based plan.

V. MANAGEMENT REVIEW AND SUCCESSION PLANNING:

The Compensation Committee shall conduct and review with the Board an annual evaluation of the performance of all executive officers of the Corporation. This review shall be used by the Compensation Committee in the course of its deliberations when considering the compensation of the CEO and each other executive officer of the Corporation. The CEO performance evaluation is to be reviewed by the Board to ensure that the CEO is providing effective leadership for the Corporation. As part of the annual CEO evaluation, the Board and the CEO shall conduct an annual review of management development and succession planning for senior management, including the CEO.

A. *Senior Management Succession Planning:*

The Board shall plan for the succession to the position of CEO. To assist the Board, the CEO shall prepare and distribute to the Board an annual report on succession planning regarding all senior officers of the Corporation with an assessment of senior managers and their potential to succeed the CEO and other senior management positions. In addition, the CEO shall prepare, on a continuing basis, a short-term succession plan which delineates a temporary delegation of authority to certain officers of the Corporation, if all or a portion of the senior officers should unexpectedly become unable to perform their duties. The short-term succession plan shall be approved by the Board and shall be in effect until the Board has the opportunity to consider the situation and take action, if and when necessary.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Corporation's expense, such independent counsel or other consultants or advisers as it deems necessary. The Committee shall have the sole authority to retain or terminate any compensation

consultant to assist the Committee in carrying out its responsibilities, including sole authority to approve the consultant's fees and other retention terms, such fees to be borne by the Corporation. The Committee shall keep the Corporation's finance department advised as to the general range of expenses anticipated for independent counsel and other consultants and advisors.

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