THE SUPERINTENDENT OF BANKS OF
THE STATE OF NEW YORK

_______________________________________x

In the Matter of
THE PARK AVENUE BANK

New York, New York
____x

Order to Cease and Desist Issued Upon Consent

WHEREAS, in recognition of their common goals to ensure compliance with all applicable federal and state laws, rules and regulations, and the conduct of safe and sound banking operations, by The Park Avenue Bank (the "Bank"), a New York State chartered institution, the deposits of which are insured by the Federal Deposit Insurance Corporation (the "FDIC"), the New York State Banking Department (the "Department") and the Bank have mutually agreed to enter into the Order to Cease and Desist Issued upon consent (the "Order"); and

WHEREAS, the Department and the FDIC recently completed a joint safety and soundness examination as of June 30, 2008; and

WHEREAS, as a result of said examination as of June 30, 2008, the Department and the FDIC identified certain supervisory concerns relating to the conduct of the Bank's business, including unsafe and unsound banking practices and violations of law and/or regulations; and

WHEREAS, the Superintendent of Banks of the State of New York (the "Superintendent") is concerned that the Bank has failed to conduct its operations in a safe and sound manner by failing to take steps and establish the controls necessary to operate in a safe, prudent and lawful manner; and

WHEREAS, the Superintendent possesses the authority under Banking Law Section 39 to issue an order to the Bank to discontinue unlawful or unsafe practices; and

WHEREAS, the Superintendent believes that prompt enforcement action and this issuance of this Order is necessary to address the aforementioned supervisory concerns with respect to the Bank and further believes that additional enforcement action may be necessary to address any other supervisory concerns which may come to the attention of the Department; and

WHEREAS, on February 11, 2009, the board of directors (the "Board") of the Bank, at a duly constituted meeting, adopted a resolution:

1. Authorizing and directing Chairman Donald Glascoff to enter into this Order on behalf of the Bank, and to consent to compliance on behalf of the Bank with each and every provision of this Order;
2. Waiving any and all rights to judicial review of this Order;
3. Waiving any and all rights to challenge or contest the validity, effectiveness, terms or enforceability of the provisions of this Order.

NOW, THEREFORE, without admitting or denying any findings of fact or conclusions of law, and without this Order constituting an admission of wrongdoing or an adoption, approval or admission of any allegation made by the Department, and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED pursuant to Banking Law Section 39 that the Bank shall cease and desist from engaging in the unsafe or unsound banking practices and from committing the apparent violations of the law and/or regulations, described in the Report of Examination as of June 30, 2008 (the "ROE"), and specified below:

(a) operating with a Board that does not provide adequate supervision and oversight to the management of the Bank to prevent unsafe or unsound practices and violations of law and/or regulation;

(b) operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

(c) operating with inadequate capital in relation to the kind and quality of assets held by the Bank;

(d) operating in such a manner as to produce unsatisfactory earnings;

(e) operating without a current, comprehensive written business/strategic plan;

(f) operating with inadequate liquidity and funds management;

(g) operating with inadequate loan policies, processes and procedures, including, but not limited to, an inappropriate loan loss reserve methodology and an inadequate loan review program;

(h) operating with an inadequate allowance for loan and lease losses;

(i) operating with an excessive level of adversely classified assets;

(j) operating with excessive concentrations of brokered deposits, commercial real estate and construction loans;

(k) operating with inadequate internal routine and controls and inadequate credit administration and loan underwriting;

(l) operating with an excessive reliance upon volatile funding; and

(m) operating in violation of section 337.6 of the FDIC Rules and Regulations, 12 C.F.R. § 337.6, regarding brokered deposits.

CORRECTION AND PREVENTION

1. Beginning on the effective date of this Order, the Bank shall take steps necessary, consistent with other provisions of this Order and sound banking practices, to correct and prevent the unsafe or unsound banking practices and violations of law and regulation that were identified in the ROE issued jointly by the FDIC and the Department. In addition, the Bank shall take all steps necessary to ensure that the Bank is operated with the adequate management supervision and Board oversight necessary to

prevent any future unsafe or unsound banking practice or violation of law or regulation.

BOARD OF DIRECTORS OVERSIGHT

2. (a) Immediately upon the effective date of this Order, the Board shall establish specific procedures designed to ensure that it is fully informed of all matters regarding the management, operation, and financial condition of the Bank at regular intervals and in a consistent format. At a minimum, the Board shall review at least monthly the capital ratios, liquidity levels, and concentrations in commercial real estate (CRE) and construction loans of the Bank.

(b) The Board shall assume full responsibility for approving and adopting significant new and/or enhanced policies, plans and programs, including those specifically required by this Order and identified in the ROE, along with any other policies, procedures and processes necessary to operate the Bank in a safe and sound manner.

(c) Board minutes shall be detailed, maintained and recorded on a timely basis and shall document reviews and any related actions, including the names of dissenting directors. Nothing in this section shall preclude the Board from considering matters other than those contained in the agenda.

STRATEGIC PLAN

3. (a) Within forty-five (45) days from the effective date of this Order, the Board shall revise its written business/strategic plan ("Strategic Plan") for

the Bank covering an operating period of at least three years. The Strategic Plan shall contain an assessment of the Bank's current financial condition and market area along with a description of the operating assumptions that form the basis for major projected income and expense components of the assessment.

(b) The Strategic Plan shall include short-term goals and operating plans to comply with the terms of this Order and correct all regulatory criticisms, intermediate goals and project plans, and long-range goals and project plans. Additionally, the Strategic Plan shall, at a minimum, include:

(i) strategies for pricing policies and asset/liability management;

(ii) anticipated average maturity and average yield on loans and securities, average maturity and average cost of deposits, the level of earning assets as a percentage of total assets and the ratio of net interest income to average earning assets;

(iii) dollar volume of total loans, total investment securities and total deposits;

(iv) plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) financial goals including pro forma statements for asset growth, capital adequacy and earnings; and

(vi) formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Board shall submit the Strategic Plan to the Superintendent of Banks of the State of New York (the "Superintendent") for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall adopt the Strategic Plan as amended or modified, and such adoption shall be recorded in the minutes of that Board meeting.

(d) The Board shall immediately implement, and fully comply with, the Strategic Plan upon completion of the requirements in subparagraph (c), above, to the extent that the provisions of the plan are not already in effect at the Bank.

(e) Within fifteen (15) days from the end of each calendar quarter following the effective date of this Order, and subsequent to the implementation of the Strategic Plan mandated by Paragraph 3, the Board shall evaluate the Bank's performance in relation to the Strategic Plan and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting during which such evaluation is undertaken. In the event the Board determines that the Strategic Plan should be revised in any manner, the Strategic Plan shall be revised and submitted to the Superintendent for review and comment within ten (10) days after such revisions have been approved by the Board. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any such comment, the Board shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the Board meeting in which it is approved.

(f) The Board shall immediately notify the Superintendent in writing prior to any major deviation or material change from the Strategic Plan.

ASSESSMENT OF MANAGEMENT AND STAFF

4. (a) Within thirty (30) days from the effective date of this Order, the Board shall engage an independent third party, acceptable to the Superintendent, with the appropriate expertise and qualifications to analyze and assess the Bank's management and staffing needs and the performance of the Bank's chairman of the Board, directors, and "Senior Executive Officers" (as that term is defined in section 303.101(b) of the FDIC Rules and Regulations, 12 C.F.R. §303.101(b)), as well as the appropriateness of all current and deferred compensation paid to each director and each Senior Executive Officer in light of each respective director's and Senior Executive Officer's competence, responsibilities and performance, with a comparison of such compensation to that of institutions of comparable size and complexity, and, based on the foregoing analyses and comparisons, to identify an appropriate level of compensation for each director and Senior Executive Officer. The engagement shall require that this analysis and assessment be summarized in a written report to the Board

(“Management Report”), with a copy simultaneously delivered to the Superintendent.

(b) The Board shall provide the Superintendent with a copy of the proposed engagement letter or contract with the third party for review and shall not execute any such letter or contract without the prior written approval or non-objection of the Superintendent. The contract or engagement letter shall, at a minimum, include:

(i) a description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(ii) the responsibilities of the firm or individual;

(iii) identification of the professional standards covering the work to be performed;

(iv) identification of the specific procedures to be used when carrying out the work to be performed;

(v) the qualifications of the employees of the independent third party who are to perform the work;

(vi) the time frame for completion of the work;

(vii) any restrictions on the use of the reported findings;

(viii) a provision for unrestricted access to work papers of the third party by the Department; and

(ix) a certification that the third party firm or individual is not affiliated in any manner with the Bank, or a current or former employee of the Bank, or an Executive Officer or director (current or former) of the Bank, or a shareholder who owns 5% or more of the Bank's outstanding stock.

(c) Within thirty (30) days from receipt of the Management Report, the Board will develop a written plan of action (the "Management Plan"), in response to each recommendation contained in the Management Report and a time frame for completing each action. A copy of the Management Report and the Management Plan and any subsequent modification thereto shall be submitted to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment, and after due consideration of any such comment, the Board shall approve the Management Plan which approval shall be recorded in the minutes of the Board meeting at which it is approved. Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the Board to fully implement the Management Plan within the specified time frames. In the event the Management Plan, or any portion thereof, is not implemented, the Board shall immediately advise the Superintendent in writing of the specific reasons for deviating from the Management Plan. The Superintendent must approve any such deviation. At a minimum, the Management Plan shall:

(i) identify the type and number of officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(ii) identify the type and number of staff positions needed to carry out the Bank's Strategic Plan, detailing any vacancies or additional needs;

(iii) identify the authorities, responsibilities, and accountabilities attributable to each position, as well as the appropriateness of the authorities, responsibilities and accountabilities, giving due consideration to the relevant knowledge, skill, abilities and experience of the incumbent (if any) and the existing or proposed compensation.

(iv) present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary for each position, including delegations of authority and performance objectives;

(v) evaluate the current and past performance of all existing directors (including the chairman of the Board), and Senior Executive Officers of the Bank, indicating whether the individuals are competent and qualified to perform present and anticipated duties, adhere to the Bank's established plans, policies, procedures and process, and operate the Bank in a safe and sound manner;

(vi) identify and establish Bank committees needed to provide guidance and oversight to management;

(vii) establish a plan to recruit and retain qualified personnel consistent with the Board's analysis and assessment of the Bank's staffing needs;

(viii) identify training and development needs and incorporate a plan to provide such training and development;

(ix) establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member;

(x) contain a current organizational chart to identify all existing and proposed staff and officer positions, delineate related lines of authority and accountability, and establish a written plan to address any identified needs; and

(xi) contain a current management succession plan.

(d) While this Order is in effect, the Board shall provide written notification to the Superintendent of the resignation or termination of any Senior Executive Officer or Board member within ten (10) days of the event. In addition, the Bank shall provide written notification to the Superintendent of any proposed new Senior Executive Officer or Board member at least thirty (30) days prior to the date such proposed officer or Board member is to begin service; such notification shall include a description of the background and experience of the proposed officer or Board member. Such change will only be effective upon receipt of the Superintendent's approval.

CAPITAL PLAN

5. (a) Within thirty (30) days from the effective date of this Order, the Board shall develop a Capital Plan that shall be submitted to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended changes, the Board shall approve and adopt the revised Capital Plan, which shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Bank shall implement and fully comply with the Capital Plan. The Board shall review and update the Bank's Capital Plan on an annual basis, or more frequently, if necessary. Copies of the reviews and updates shall be submitted to the Superintendent. At a minimum, the Capital Plan shall include:

(i) specific plans to achieve the capital levels required under the plan and this Order;

(ii) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of the provisions of subparagraph (b) below;

(iii) projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank's current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's Strategic Plan;

(iv) projections for the amount and timing of the capital necessary to meet the Bank's current and future needs;

(v) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's needs;

(vi) contingency plans that identify alternative sources of capital should the primary source(s) under (v) above not be available; and

(vii) a dividend policy that permits the declaration of a dividend only when the Bank is in compliance with its approved capital program.

Within sixty (60) days from the effective date of this Order, the Board shall ensure that the Bank maintains a ratio of Tier 1 capital to total assets (Tier 1 capital ratio) of at least 8 percent and a ratio of Tier 1 capital to risk-weighted assets (Tier 1 risk-based capital ratio) of at least 10 percent and shall immediately notify the Superintendent in writing if the Bank's Tier 1 capital ratio drops below 8 percent or the Bank's Tier 1 risk-based capital ratio drops below 10 percent. For purposes of this Order, the terms "Tier 1 capital", "total assets", and "risk-weighted assets" shall be defined and shall be calculated in accordance with Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325.

PROFIT AND BUDGET PLAN

6. (a) Within sixty (60) days from the effective date of this Order, and within the first thirty (30) days of each calendar year thereafter, the Board shall, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions required by this Order, develop a written profit and budget plan ("Profit Plan").

(b) The Profit Plan shall, at a minimum, include:

(i) identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;

(ii) specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the allowance for loan and lease losses ("ALLL");

(iii) realistic and comprehensive budgets for all categories of income and expense items, including, but not limited to, all current and deferred compensation to be paid to each director, including, but not limited to the Chairman of the Board, and each Senior Executive Officer;

(iv) a description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(v) a budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than monthly; recording the results of the evaluation and any actions taken by the Bank in the minutes of the Board meeting at which such evaluation is undertaken; and

(vi) individual(s) responsible for implementing each of the goals and strategies of the Profit Plan.

(c) The Board shall submit the Profit Plan to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall approve and adopt the Profit Plan, which shall be recorded in the minutes of the corresponding meeting of the Board in which it is adopted. Thereafter, the Bank shall implement the Profit Plan.

(d) Within ten (10) days from the end of each calendar month following the effective date of this Order, and subsequent to the implementation of the Profit Plan mandated by Paragraph 6, the Board shall evaluate the Bank's performance in relation to the Profit Plan and record the results of the evaluation along with any actions taken by the Bank in the minutes of the Board meeting during which such evaluation is undertaken. Copies of each monthly evaluation shall be submitted to the Superintendent within five (5) days of presentation to the Board. In the event the Board determines that the Profit Plan should be revised in any manner, the Profit Plan shall be revised and submitted to the Superintendent within five (5) days after any such revision has been approved by the Board.

REDUCTION OF ADVERSELY CLASSIFIED ASSETS

7. (a) Within thirty (30) days from the effective date of this Order, the Bank shall eliminate by charge-off or collection all assets classified "Loss" and 50 percent of all assets classified "Doubtful".

(b) Within forty-five (45) days from the effective date of this Order, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of $250,000 classified "Substandard" or "Doubtful" or listed as "Special Mention" in the ROE. For purposes of this provision, "reduce" means to collect, charge off, or improve the quality of an asset so as to warrant its removal from adverse classification by the Department. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified and Special Mention loan, review, analyze, and document the financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(c) The plan mandated by this paragraph shall also include, but not be limited to, the following:

(i) a schedule for reducing the outstanding dollar amount of each adversely classified and Special Mention asset, including timeframes for achieving the reduced dollar amounts (at a minimum, the schedule for each adversely classified and Special Mention asset must show its expected dollar balance on a quarterly basis);

(ii) specific action plans intended to reduce the Bank's risk exposure in each adversely classified and Special Mention asset;

(iii) a schedule showing, on a quarterly basis, the expected consolidated balance of all adversely classified and Special Mention assets, and the ratio of the consolidated balance to the Bank's projected Tier 1 capital plus the ALLL;

(iv) a provision for the Bank's submission of monthly written progress reports to its Board; and

(v) a provision mandating Board review of the progress reports, with a notation of the review recorded in the minutes of the corresponding meeting of the Board.

(d) The plan mandated by this paragraph shall further require a reduction in the aggregate balance of assets classified "Substandard" and "Doubtful" in the ROE in accordance with the following schedule:

(i) within 180 days from the effective date of this Order, to not more than 50 percent of Tier 1 capital plus the ALLL, as determined at the end of the 180 day period;

(ii) within one year from the effective date of this Order, to not more than 25 percent of Tier 1 capital plus the ALLL as determined at the end of the one year period.

(e) The requirements of this paragraph do not represent standards for future operations of the Bank. Following compliance with the above reduction schedule, the Bank shall continue to reduce the total volume of adversely classified and Special Mention assets. The plan may include a provision for increasing Tier 1 capital when necessary to achieve the prescribed ratio.

(f) The Board shall immediately submit the plan to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall approve and adopt the plan, which shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Bank shall implement and fully comply with the plan.

(g) The Board shall submit quarterly reports to the Superintendent that reflect the progress the Bank has made in reducing the Bank's risk exposure in each asset in excess of $250,000 classified "Substandard" or "Doubtful" or listed as Special Mention in the Bank's most recent report of examination.

REDUCTION OF COMMERCIAL REAL ESTATE CONCENTRATIONS

8. (a) Within thirty (30) days from the effective date of this Order, the Bank shall formulate and submit to the Superintendent for review and comment a written plan to reduce the CRE loan concentration of credit identified in the ROE to not more than 300 percent of the Bank's total Tier 1

capital. Such plan shall prohibit any advances that would increase the concentration, unless the advance is pursuant to an existing loan agreement and shall include, but not be limited to:

(i) dollar levels to which the Bank shall reduce the concentration; and

(ii) provisions for the submission of monthly written progress reports to the Board for review and notation in minutes of the meetings of the Board.

(b) For purposes of the plan, “reduce” means to charge-off, collect, or increase Tier 1 capital.

(c) Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall approve and adopt the plan as amended or modified, which approval and adoption shall be recorded in the minutes of the corresponding meeting of the Board. The plan shall be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

LOAN POLICIES AND PROCEDURES

9. (a) Within thirty (30) days from the effective date of this Order, the Bank shall submit to the Superintendent revised written loan policies and procedures that have been approved and adopted by the Board, which shall, at a minimum, address the recommendations contained in the ROE, including the following:

(i) adequate underwriting standards for loans, including brokered loans, loan renewals and appraisal reviews;

(ii) monitoring and reporting of past due loans and controls and procedures to promptly identify and grade loans with emerging credit weaknesses;

(iii) controlling and monitoring of CRE concentrations of credit, including: (A) establishing concentrations of credit limits by industries, geographic areas and types of loans; and (B) managing the risk associated with asset concentrations;

(iv) compliance with the *Interagency Guidance on Concentrations in Commercial Real Estate Lending, Sound Risk Management Practices* (FIL-104-2006, issued December 12, 2006) and *Managing Commercial Real Estate Concentrations in a Challenging Environment* (FIL-22-2008, issued March 17, 2008);

(v) controlling and monitoring of CRE, including plans to address the rationale for CRE levels as they relate to growth and capital targets, segmentation and testing of the CRE portfolio to detect and limit concentrations with similar risk characteristics;

(vi) for real estate loans, appropriate pricing structures, sufficient collateral protection, and limits on amounts that can be loaned in relation to established collateral values;

(vii) for construction loans, adequate pre-sale and minimum unit release requirements for construction loans; and

(viii) appropriate review of small business loans.

ALLOWANCE FOR LOAN AND LEASE LOSSES

10. (a) Within thirty (30) days from the effective date of this Order, the Bank shall establish and document an accurate, comprehensive and consistent methodology for determining ALLL.

(b) The Bank shall maintain, through charges to current operating income, an adequate ALLL. The adequacy of the ALLL shall be determined in light of the volume of criticized loans, the current level of past due and nonperforming loans, past loan loss experience, evaluation of the potential for loan losses in the Bank's portfolio, current economic conditions, and any criticisms contained in the Bank's most recent report of examination.

(c) The Bank shall conduct, at a minimum, a quarterly assessment of its ALLL and shall maintain a written record, for supervisory review, indicating the methodology used in determining the amount of the ALLL needed and any deficiencies shall be promptly remedied. The quarterly assessment shall be reviewed by the Board and shall be noted in the minutes of the Board.

BROKERED DEPOSITS

11. (a) The Bank shall establish parameters for use, volume, and maturities of "brokered deposits" (as that term is defined in section

337.6(a)(2) of the FDIC Rules and Regulations, 12 C.F.R. § 337.6(a)(2)), and for deposits obtained through solicitation services. The Bank shall also analyze market interest rates to ensure that the interest rates on brokered deposits are within 75 basis points of the yield paid on deposits of similar size and maturity by financial institutions in the Bank's normal market area.

(b) Within thirty (30) days from the effective date of this Order, the Bank shall submit a written plan for eliminating its reliance on brokered deposits to the Superintendent. The plan shall detail the current composition of brokered deposits by maturity and explain the means by which such deposits will be paid. The Bank shall submit the plan to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall approve and adopt the plan, which shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Bank shall implement and fully comply with the plan.

(c) Within ten (10) days from the end of each calendar month, and subsequent to the implementation of the requirements set forth in Paragraph 11, the Bank shall provide a written progress report to the Superintendent detailing the level, source, and use of brokered deposits with specific reference to progress under the Bank's plan.

<u>LIQUIDITY</u>

12. (a) Within thirty (30) days from the effective date of this Order, the Bank shall review its written funds management and liquidity policies and plans, and amend each as necessary. The Bank shall submit the policies and plans, and any future modifications, to the Superintendent for review and comment. Within thirty (30) days from receipt of any comment from the Superintendent, and after due consideration of any recommended change, the Board shall approve and adopt the revised policies and plans, which shall be recorded in the minutes of the corresponding meeting of the Board. Thereafter, the Bank shall implement and fully comply with the policies and plans. Quarterly or more frequently thereafter, while this Order is in effect, the Bank shall review the plan for adequacy and, based upon the above criteria, shall make necessary revisions to the plan. At a minimum, the policies and plan shall:

(i) provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

(ii) provide for a periodic review of the Bank's deposit structure, including the volume and trend of total deposits, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, cash flow forecasts, and any other information needed;

(iii) establish target liquidity and dependency ratios and/or parameters;

(iv) provide for a periodic calculation to measure the liquidity posture and the extent to which the Bank is funding long-term assets with short-term liabilities, and review performance with established liquidity ratio targets; and

(iv) establish contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs, review possible alternative sources of funds and address their use, and establish lines of credit and test accessibility on a periodic basis, but no less frequently than annually.

COMPLIANCE COMMITTEE

13. (a) Within thirty (30) days from the effective date of this Order, the Board shall appoint a committee ("Compliance Committee") composed of at least three directors who are not now, and who have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Superintendent, to monitor and coordinate the Bank's compliance with the provisions of this Order.

(b) Within sixty (60) days from the effective date of this Order, and at monthly intervals thereafter, the Compliance Committee shall prepare and present to the Board a written report of its findings, detailing the form, content, and manner of any action taken to ensure compliance with this

Order and the results thereof, and any recommendation with respect to such compliance. Such progress reports shall be included in the Board meeting minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this Order.

(c) Within fifteen (15) days after its receipt from the Bank's Compliance Committee, the Board shall forward a copy of the report with any additional comment made by the Board to the Superintendent.

EXTENSIONS

14. Notwithstanding any provision of this Order to the contrary, and at the Superintendent's discretion, the Superintendent may grant a written extension of time to the Bank to comply with any provision of this Order.

PROGRESS REPORTS

15. Within thirty (30) days from the end of each calendar quarter following the effective date of this Order, the Board shall furnish written progress reports to the Superintendent detailing the form, content, and manner of any actions taken to secure compliance with this Order, and the results thereof.

OTHER ACTIONS

16. It is expressly and clearly understood that if, at any time, the Superintendent shall deem it appropriate in fulfilling the responsibilities placed upon him under applicable law to undertake any further action

affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent him from doing so.

17. It is expressly and clearly understood that nothing herein shall preclude any action taken by the Superintendent to enforce the terms of this Order, and that nothing herein constitutes, nor shall the Bank contend that it constitutes, a waiver of any right, power, or authority of any other representatives of the United States, departments or agencies thereof, Department of Justice, or any other representatives of the State of New York or any other departments or agencies thereof, including any prosecutorial agency, to bring other actions deemed appropriate.

18. The Bank shall notify the Superintendent immediately of any material adverse development affecting its conduct, performance or outlook.

NOTICES

19. All communications regarding this ORDER shall be sent to:

Mr. Martin D. Cofsky, Deputy Superintendent
New York State Banking Department
One State Street
New York, New York 10004-1511

ORDER EFFECTIVE

19. The effective date of this Order shall be the date of issuance.

20. The provisions of this Order shall be binding upon the Bank and each of its directors, officers, employees, agents, successors and assigns.

21. The provisions of this Order shall remain effective and enforceable except to the extent that, and until such time as, any provision of this Order has been modified, terminated, suspended or set aside in writing by the Department.

By ORDER of the Superintendent of Banks of the State of New York, effective this 11th day of February, 2009.

NEW YORK STATE BANKING DEPARTMENT	THE PARK AVENUE BANK NEW YORK, NEW YORK
By:____________________ Martin D. Cofsky Deputy Superintendent of Banks	By:____________________ Donald Glascoff Chairman of the Board