

IN THE MATTER OF FIRST STATE BANK) STATE OF NEW JERSEY
) DEPARTMENT OF
CRANFORD, NEW JERSEY) BANKING AND INSURANCE

CONSENT ORDER

TO: FIRST STATE BANK
16 Commerce Drive
Cranford, New Jersey 07016

JOSEPH D. NATALE
Chairman of the Board
16 Commerce Drive
Cranford, New Jersey 07016

BOARD OF DIRECTORS
FIRST STATE BANK

Acknowledged:
First State Bank, Cranford New Jersey

By:

Mark L. Breitman; 5 Dogwood Circle, Matawan, NJ 07747

Francesco D'Angelo; 32 Reading Road, Flemington, NJ 08822

Robert P. Keller; 116 B South River Road, Bedford, NH 03110

Theodore M. Kest; 2 Field Stone Court, Eatontown, NJ 07724

Michael J. Maggiano; 1082 Cumbermeade Road, Fort Lee, NJ 07024

Joseph D. Natale; 115 Emerald Valley Lane, Basking Ridge, NJ 07092

Thomas Ragukonis; 6 Christopher Place, Saddle River, NJ 07458

Samuel Ventola; 6 Lafayette Drive, Cedar Grove, NJ 07009

WHEREAS, the Commissioner of Banking and Insurance of the State of New Jersey (“Commissioner”) is charged with the responsibility of administering and enforcing the New Jersey Banking Act of 1948, N.J.S.A. 17:9A-1 et seq.; and

WHEREAS, First State Bank is a financial institution chartered by the Commissioner under the New Jersey Banking Act of 1948, N.J.S.A. 17:9A-1 et seq.; and

WHEREAS, on or about March 30, 2009, a joint on-site examination of First State Bank was commenced by examiners from the New Jersey Department of Banking and Insurance (“DOBI”) and the Federal Deposit Insurance Corporation (“FDIC”); and

WHEREAS, on or about July 10, 2009, the joint on-site examination of First State Bank was concluded and DOBI and the FDIC held a brief exit meeting with certain senior members of First State Bank; and

WHEREAS, on or about July 28, 2009, DOBI and the FDIC transmitted a Report of Examination¹ (“ROE”) to the President and each Director of First State Bank identifying practices deemed by DOBI and the FDIC to be unsafe and unsound; and

WHEREAS, on September 9, 2009, the Commissioner, having been unable to reach mutually acceptable terms with First State Bank for the entry of a Consent Order, issued an Order to Cease and Desist Unsafe and Unsound Practices pursuant to N.J.S.A. 17:9A-267; and

WHEREAS, on or about September 23, 2009, First State Bank filed an Action in Lieu of Prerogative Writ in the Superior Court of New Jersey challenging the Commissioner’s Cease and Desist Order; and

¹ Pursuant to N.J.S.A. 17:9A-264 and N.J.A.C. 3:3-2.1(a)(1), every report of examination of a bank made by or under the supervision of the commissioner shall be confidential and shall not be made public.

WHEREAS, on October 2, 2009, First State Bank and the FDIC entered into a “Stipulation and Consent to the Issuance of a Consent Order,” without admitting or denying any charges of unsafe or unsound banking practices contained in the ROE or violations of law or regulation, and Consent Order No.: FDIC-08-166b was issued; and

WHEREAS, on or about November 4, 2009, the Commissioner filed an Answer and Affirmative Defenses to First State Bank’s Action in Lieu of Prerogative Writ; and

WHEREAS, the Action in Lieu of Prerogative Writ is currently pending adjudication in the Superior Court of New Jersey, Law Division – Mercer County under docket number MER-L-002466-09; and

WHEREAS, First State Bank, without admitting or denying any charges of unsafe or unsound banking practices, and the Commissioner, in an effort to maintain regulator consistency to the extent feasible and in order to reach an amicable resolution of the pending action in the Superior Court of New Jersey, Law Division – Mercer County, Docket No.: MER-L-002466-09, hereby knowingly, willfully and voluntarily enter into this Consent Order amending the provisions contained in the Commissioner’s September 9, 2009, Cease and Desist Order as follows; and

WHEREAS, upon full execution of this Consent Order, the Commissioner shall terminate his September 9, 2009, Cease and Desist Order and issue in its place this Consent Order which shall continue the effectiveness of the following terms and provisions; and

WHEREAS, the constructive date of effectiveness of this Consent Order shall be deemed to be October 2, 2009, the date of issuance of FDIC-08-166b, in order to ensure compliance and filing consistency. All dates calculated from the effective date of the

Consent Order shall be calculated from October 2, 2009. Acknowledgments of receipt of documentation do not connote acceptance and approval and shall not be deemed a waiver of any deficiencies found in the received documentation. Acceptance and approval of required documentation under this ORDER will be provided expressly under separate cover by the Department upon review; and

WHEREAS, upon full execution of this Consent Order, First State Bank shall dismiss with prejudice its Action in Lieu of Prerogative Writ pending in the Superior Court of New Jersey, Law Division – Mercer County, Docket No.: MER-L-002466-09;

NOW THEREFORE, it is on this 2nd day of ~~June~~ ^{August}, 2010, ORDERED AND AGREED that:

ASSESSMENT OF MANAGEMENT

1. (a) Within 30 days from the effective date of this ORDER, the Board shall engage, if it has not already done so, an independent third party, acceptable to the Commissioner of Banking and Insurance for the State of New Jersey (“Commissioner”) and to the Regional Director of the New York Regional Office of the FDIC (“Regional Director”), with the appropriate expertise and qualifications to analyze and assess the independence and performance of the Bank’s “Senior Executive Officers” (as that term is defined in 12 C.F.R. 303.101(b)), as well as the appropriateness of all current and deferred compensation paid to each Senior Executive Officer in light of their respective 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 Senior Executive Officers. The engagement shall require that this analysis and

assessment be completed and summarized in a written report to the Board ("Management Report") within 45 days of the third party's engagement, with a copy simultaneously delivered to the Commissioner and the Regional Director of the FDIC ("Regional Director"). DOBI acknowledges the bank's engagement of an approved independent third party and receipt of the Management Report for review.

(b) The Board shall provide, if it has not already done so, the Commissioner and the Regional Director with a copy of the proposed engagement letter or contract with the third party for review and approval in accordance with paragraph 10 of this CONSENT ORDER before it is executed. DOBI acknowledges receipt of the bank's engagement letter or contract as required by this section.

(c) Within 30 days of receipt of the Management Report, the Board will develop, if it has not already done so, 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 Plan and any subsequent modification thereto shall be submitted to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER. In the event the Management Plan, or any portion thereof, is not implemented, the Board shall immediately advise the Commissioner and the Regional Director in writing of the specific reasons for deviating from the Management Plan. The Regional Director and the Commissioner must approve any such deviation. DOBI acknowledges receipt of the bank's Management Plan for review.

(d) While this ORDER is in effect, the Board shall provide written notification to the Commissioner and the Regional Director of the resignations or

terminations of any of its Senior Executive Officers or Board members within fifteen days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the Federal Deposit Insurance Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. Part 303. In addition, the Board shall provide written notification to the Commissioner and the Regional Director of any proposed new Senior Executive Officer or Board member at least 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 changes will only be effective upon receipt of the Commissioner's and the Regional Director's approval.

PARTICIPATION

2. Immediately upon the effective date of this ORDER, the Board shall increase its participation in the affairs of the Bank, which shall specifically include meeting no less frequently than monthly. 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. The Board shall prepare in advance and shall follow a detailed written agenda during each meeting, during which, at a minimum, the following matters shall be reviewed and approved: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, nonaccrual and recovered loans; concentrations of credit; investment activity; asset/liability and funds management reports; operating policies; training reports, personnel actions; audit and supervisory reports; the minutes summarizing individual committee meetings and actions; compliance with section 337.6

of the FDIC's Rules and Regulations, 12 C.F.R. § 337.6 ("Section 337.6") and any reports required by this ORDER. Participation shall also require the assumption of full responsibility for the approval of significant new and/or enhanced policies, plans and programs including those specifically required by this ORDER and the 2009 ROE along with any other policies, procedures and processes necessary to operate the Bank in a safe and sound manner. Board minutes shall be detailed, recorded on a timely basis by an individual not serving on the Board or making presentations to it, and shall document reviews and any related actions, including the names of any dissenting directors. Nothing in this paragraph shall preclude the Board from considering matters other than those contained in the agenda.

CAPITAL PLAN

3. (a) Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter or more frequently if necessary, the Board shall, consistent with sound banking practices, assess the capital needs of the Bank taking into account the Bank's plans for future growth, the level of problem loans, the portfolio of sub-prime loans, concentrations of credit, operating losses and heightened liquidity risk, as well as the other written plans, policies, or actions required by this Order and/or the 2009 ROE, develop a written capital plan ("Capital Plan") that, at a minimum, includes:

(i) 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;

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

(iii) the primary source(s) from which the Bank will meet its capital needs; and

(iv) contingency plans that identify alternative sources of capital should the primary source(s) under (iii) above not be available. DOBI acknowledges receipt of the bank's initial Capital Plan for review.

(b) Any increase in capital necessary to meet the requirements of this paragraph may be accomplished by the sale of new securities in the form of common stock, the sale of noncumulative perpetual preferred stock, the direct contribution of cash by the directors or shareholders, merger with or acquisition by another federally insured depository institution or holding company thereof or any other method acceptable to the FDIC and the DOBI and approved in advance in writing by both the Commissioner and the Regional Director.

(c) No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's Allowance for Loan and Lease Losses ("ALLL") or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of Bank or affiliate stock or other securities, or to any investor by any other means for any portion of any increase in Tier 1 capital required herein.

(d) The Board shall submit the Capital Plan to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER.

PROFIT AND BUDGET PLAN

4. (a) Within 60 days from the effective date of this ORDER, and within the first 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 and/or the 2009 ROE, develop a written profit and budget plan (the "Profit Plan"). DOBI acknowledges receipt of the bank's initial Profit and Budget Plan for review.

(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. The Profit Plan should not include any area representing a material change in the Bank's current business and/or strategic plan unless specifically noted as such in the Profit Plan and the Bank may not make any such material change while this ORDER is in effect unless and until the Profit Plan has been submitted and approved pursuant to paragraph 10 of this ORDER. For purposes of this paragraph, a material change in the business and/or strategic plan would include the Bank's entry into, participation in, or withdrawal from a new business or new business line and a level of business or activity that is substantially above or below that currently outlined in the Bank's business and/or strategic plan;

(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 the COB) 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 Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER.

(d) Within 30 days from the end of each quarter following the effective date of this ORDER, 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 Board minutes during which such evaluation is undertaken. Copies of each quarterly evaluation shall be submitted to the Commissioner and the Regional Director within 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 within 5 days after Board approval to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER.

BROKERED DEPOSITS

5. Immediately upon the effective date of this ORDER and for as long as this ORDER is in effect, the Board shall take all steps necessary to ensure that the Bank does not solicit, accept, renew or roll over any "brokered deposit" as defined in Section 337.6 unless and until the Bank has applied for and been granted a waiver by the FDIC in accordance with the provisions of Section 337.6.

ASSET/LIABILITY AND FUNDS MANAGEMENT

6. (a) Within thirty (30) days from the effective date of this ORDER, the Board shall, consistent with sound banking practices and taking into account the other written plans, policies or actions required by this ORDER and/or the 2009 ROE, review its written asset/liability and funds management policies and plans and amend each as necessary. The Board shall submit the policies and plans, and any future modifications, to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER. Quarterly or more frequently thereafter, while this ORDER is in effect, the Board shall review the policies and plans for adequacy and shall make all necessary revisions; any such revisions shall be submitted to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER. At a minimum, the policies and plans 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 monthly (or more frequently if necessary or appropriate) review of and report on 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, compliance with Section 337.6 and any other information necessary to appropriately monitor the Bank's liquidity position. The Bank shall provide a copy of this report to the Commissioner and the Regional Director within ten (10) days of the end of each calendar month subsequent to the effective date of this ORDER;

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

(iv) provide for a monthly (or more frequently if necessary or appropriate) review of and report on the calculations measuring the Bank's 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. The Bank shall provide a copy of this report to the Commissioner and the Regional Director within thirty (30) days of the end of each calendar month subsequent to the effective date of this ORDER;

(v) provide a method of loan pricing that considers costs of funds, overhead and administrative costs as well as desired profits and determine when to use fixed rates and when to use floating rates;

(vi) 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; and

(vii) provide for a system of internal control, review and audit to ensure the integrity of the overall asset/liability and funds management process. DOBI acknowledges receipt of the bank's initial Asset/Liability and Funds Management Report for review.

INTERNAL AUDIT PROGRAM

7. Within 30 days of the effective date of this ORDER, the Board shall revise, if it has not already done so, the Bank's internal audit program to (i) address all of the internal audit and control deficiencies noted in the 2009 ROE and (ii) ensure conformity with the FDIC *Interagency Policy Statement on the Internal Audit Function and its Outsourcing* and (iii) require monthly reports of all audit findings to the Board. DOBI acknowledges receipt of the bank's Internal Audit Program Report for review.

CHARGE-OFF AND REDUCTION OF CLASSIFIED ASSETS

8. (a) Within 30 days of the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by DOBI or the FDIC as a result of their March 30, 2009 examination of the Bank. Elimination or reduction of these assets through proceeds of loans made by the Bank shall not be considered "collection" for the purpose of this paragraph.

(b) Within 45 days after the effective date of this ORDER, the Board shall submit, if it has not already done so, a written plan to reduce the remaining assets classified Doubtful and Substandard by DOBI or the FDIC as a result of their March 30, 2009 examination of the Bank to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER. The plan shall address each asset so

classified with a balance of \$200,000 or greater and provide the (i) name under which the asset is carried on the books of the Bank; (ii) type of asset; (iii) actions to be taken in order to reduce the classified asset; and (iv) timeframes for accomplishing the proposed actions. The plan shall also review the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources and evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position. In addition, the Bank's plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the plan shall contain a provision requiring the submission of monthly progress reports to the Board and a provision mandating a review by the Board. DOBI acknowledges receipt of the report required under this paragraph for review.

(c) The Bank shall present the plan to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER.

(d) For purposes of the plan, the reduction of adversely classified assets as required by this paragraph of the ORDER shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's ALLL and may be accomplished by charge-off, collection, sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by DOBI or the FDIC; or an increase in the Bank's Tier 1 Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as a result of any future examination conducted by DOBI or the FDIC.

REDUCTION OF DELINQUENCIES

9. (a) Within 30 days after the effective date of this ORDER, the Bank shall formulate and submit, if it has not already done so, a written plan for the reduction and collection of delinquent loans to the Commissioner and the Regional Director in accordance with paragraph 10 of this ORDER. At a minimum, such plan shall include provisions which:

- (i) Prohibit the extension of credit for the payment of interest;
- (ii) Delineate areas of responsibility for implementing and monitoring the Bank's collection policies;
- (iii) Establish specific collection procedures to be instituted at various stages of a borrower's delinquency;
- (iv) Establish dollar levels to which the Bank shall reduce delinquencies; and
- (v) Provide for the submission of monthly written progress reports to the Board for review and notation in the Board minutes. DOBI acknowledges receipt of the report required under this paragraph for review.

(b) For purposes of the plan, "reduce" means to charge-off or collect.

SUBMISSION OF PROPOSED PLANS

10. Whenever a provision of this ORDER shall require submission of a proposed plan, program, policy or enhancements, revisions or additions to a plan, program, policy, procedure or other matter ("Plan") to the Commissioner or the Regional Director for comment, review and approval, the submission shall be made to the Commissioner at 20 West State Street, P.O. Box 040, Trenton, New Jersey 08625 and to

the Regional Director at 20 Exchange Place, New York, New York 10005. The Commissioner and the Regional Director shall provide comments to the Board within forty-five (45) days of receipt of the proposed Plan submitted for review and comment. Within thirty (30) days of receipt of comments from the Commissioner and the Regional Director, the Board shall make such modifications as the Commissioner and the Regional Director determine are necessary to respond to such comments and shall adopt the Plan and shall revise and amend the Bank's business and/or strategic plan to appropriately reflect the provisions of the Plan. The Board's actions shall be appropriately recorded in the Board minutes. Thereafter, the Bank and its directors, officers and employees shall fully implement and follow the Plan as adopted and shall enforce full and complete compliance with it. It shall remain the responsibility of the Board to fully implement the Plan as adopted within the specified time frames.

DIVIDENDS

11. Immediately upon the effective date of this ORDER, the Bank shall not declare or pay either directly or indirectly any dividends, whether in cash, stock, or otherwise, on any class of its stock without the prior written consent of the Regional Director. The Board shall also notify the Commissioner prior to the declaration or payment of dividends.

SHAREHOLDERS

12. Following the effective date of this ORDER, the Board shall provide to shareholders, or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank's next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall

fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the New Jersey Department of Banking and Insurance, 20 West State Street, Trenton, New Jersey 08625, and to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429 for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by DOBI and/or FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

COMPLIANCE COMMITTEE

13. Within 30 days from the effective date of this ORDER, the Board shall, if it has not already done so, appoint a committee ("Compliance Committee") composed of at least three directors who are not now, and have never been, involved in the daily operations of the Bank, and whose composition is acceptable to the Commissioner and the Regional Director, to monitor the Bank's compliance with this ORDER. Within 30 days from the effective date of this ORDER, and at monthly intervals thereafter, such 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 recommendations with respect to such compliance. Such progress reports shall be included in the Board minutes. Nothing contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER. DOBI acknowledges receiving notice of the bank's establishment of a Compliance Committee.

PROGRESS REPORTS

14. By the 30th day after the end of the calendar quarter following the effective date of this ORDER, and by the 25th day after the end of every calendar quarter thereafter, the Bank shall furnish written progress reports which shall be approved by a majority of the Board by resolution set forth in the Board Minutes detailing the form, content, and manner of any actions taken to secure compliance with this ORDER, and the results thereof to the Commissioner and the Regional Director.

OTHER ACTIONS

15. It is expressly and clearly understood that if, at any time, the Commissioner and the Regional Director shall deem it appropriate in fulfilling the responsibilities placed upon him or her 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 or her from doing so, including, but not limited to, the imposition of civil money penalties.

16. It is expressly and clearly understood that nothing herein shall preclude any proceedings brought by the Commissioner and the Regional Director 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 State of New Jersey; the United States or agencies thereof, the Department of Justice or any other state or federal agencies, including any prosecutorial agency, to bring other actions deemed appropriate.

ORDER EFFECTIVE

17. The effective date of this ORDER shall be the date of execution by the Commissioner, however, all dates for compliance shall be deemed from the effective date of October 2, 2009.

18. The provisions of this ORDER shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other institution-affiliated parties of the Bank.

19. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provisions of this ORDER have been modified by the Commissioner.

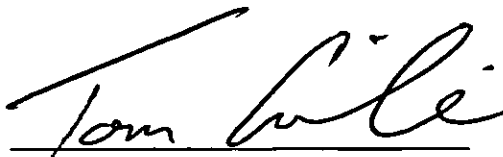
20. This agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

21. In the event any paragraph of this Order is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining paragraphs hereof shall not in any way be affected or impaired thereby.

22. This ORDER is entered into under the Commissioner's authority under the New Jersey Banking Act of 1948.

23. This ORDER shall be deemed a full and complete settlement of the Cease and Desist Order issued by the Commissioner on September 9, 2009, and any penalties to date thereunder, and the Bank's Action in Lieu of Prerogative Writ seeking to challenge

same. This ORDER shall not be deemed a settlement of any other actions or proceedings between the parties hereto or a waiver of any other rights, actions or powers by the Commissioner or any rights, actions or defenses by the Bank.

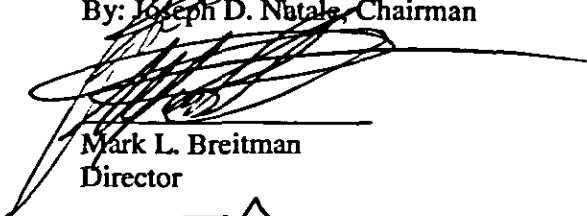
A handwritten signature in black ink, appearing to read "Tom Considine". The signature is written in a cursive style with a long horizontal stroke at the beginning.


Thomas B. Considine, Commissioner
Department of Banking and Insurance


Consented to as to form, substance and entry:

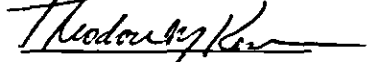
First State Bank


By: Joseph D. Natale, Chairman


Mark L. Breitman
Director


Francesco D'Angelo
Director


Robert P. Keller
Director


Theodore M. Kest
Director


Michael J. Maggiano
Director


Thomas Ragukonis
Director


Samuel Ventola
Director