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Comptroller of the Currency  
Administrator of National Banks

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340 Madison Avenue, 5<sup>th</sup> Floor  
New York, New York 10017

Licensing Division  
Telephone No.: 212.790.4055  
Fax No.: 301.333.7015

October 30, 2007

**Conditional Approval #830  
December 2007**

Mr. Stephen R. Brown  
Chief Financial Officer  
Hudson Valley Holding Corporation.  
21 Scarsdale Road  
Yonkers, NY 10707

Re: Proposed conversion of Hudson Valley Bank, National Association, Yonkers, New York to a national banking association under the title Hudson Valley Bank, National Association and the subsequent relocation of the main office from Yonkers, New York to Stamford, Connecticut.

Application Control Numbers: 2007-NE-01- 007 and 07-013 Charter No: 24790

Dear Mr. Brown:

The Comptroller of the Currency (“OCC”) has reviewed your application to convert Hudson Valley Bank to a national bank and retain all its branches. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank’s representatives, we find that your conversion application meets the requirements for conditional approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: Hudson Valley Bank, National Association

Location: 1055 Summer Street,  
Stamford, Connecticut 06905.

This letter is also conditional approval for Hudson Valley Bank, National Association (“HVB” or “bank”), to relocate its main office from 35 East Grassy Sprain Road, Yonkers, Westchester County, New York, 10710 to 1055 Summer Street, Stamford, Fairfield County, Connecticut 06905.

This conversion and relocation approvals are subject to the following special condition:

The converted bank shall take all steps necessary to ensure that the commitments set forth in the October 18, 2007, letter from HVB to the OCC are fully adopted and timely implemented.

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The condition of these approvals is a condition “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 USC 1818 and, as such, is enforceable under 12 USC 1818.

This approval is based in part upon the institution’s representation that, prior to the conversion, the capital structure will be realigned to comply with the minimum capital requirements of 12 USC 35, 36, 52, and 371d to the extent applicable.

The OCC approves HVB’s plans to retain the following operating subsidiaries: Hudson Valley Investment Corp; Sprain Brook Realty Corp; Grassy Sprain Real Estate Holdings, Inc.; HVB Leasing Corp; HVB Realty Corp; HVB Employment Corp; and A.R. Schmeidler & Co., Inc. These subsidiaries conduct activities that are eligible for after-the-fact notice procedures.

This letter constitutes official OCC authorization for HVB to operate the branches listed on Attachment A.

Of the branches listed, those marked by an asterisk have been previously authorized by another regulator, but remain unopened. You must notify this office within 10 days after opening these branches. If they are not opened within 18 months of the date of this letter, the authorization and approval for the unopened branches shall automatically terminate unless the OCC grants an extension of the time period.

You should retain this letter as the official branch authorization. OCC branch numbers have been assigned to each of the branches. If, at some time in the future, the bank desires to close a branch, the requirements of 12 USC 1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event the branch is sold, the branch authorization should also be surrendered to the OCC.

The OCC has approved your proposal to conduct fiduciary powers pursuant to 12 USC 92a. This approval constitutes a permit to conduct the fiduciary powers requested in your application filed pursuant to 12 CFR 5.26(e)(4).

The board of directors should provide for the establishment and administration of the trust department through the adoption of amendments to the bylaws, through appropriate resolutions, or both. After adoption, a copy of those provisions should be furnished to the trust officer(s) for guidance. You will note that 12 CFR 9.4 places responsibility on the board of directors for the proper exercise of the bank’s fiduciary powers. However, the board may decide whether it shall supervise the administration of all such powers directly or assign any function related to such powers to any director, officer, employee, or committee.

The board should also provide for:

- A proper delineation of duties for trust officer(s) and committee(s).
- The pledging of securities to secure trust funds on deposit in the bank as required by 12 CFR 9.10(b).

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- The designation of the officers or employees responsible for custody of the trust investments in conformity with 12 CFR 9.13(a).
- The deposit of securities with state authorities where required by local law, according to 12 CFR 9.14.

Under separate cover, the OCC Communications Division will mail to you the series of Comptroller's Handbooks for Fiduciary Activities. The trust officers and staff should become thoroughly familiar with 12 CFR 9,"Fiduciary Activities of National Banks" (copy enclosed).

The trust activities should begin within 18 months of this approval, unless we grant an extension. You may begin exercising fiduciary powers simultaneously with your conversion to a national bank. The bank should notify this office in writing within 10 days after commencement of trust activities. If the bank decides to surrender its fiduciary powers, it should notify the OCC in accordance with 12 CFR 9.17(a).

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. HVB must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the institution (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them. We are enclosing the Minimum Policies and Procedures for national banks.
4. HVB has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, HVB ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that HVB is not a member of the FHLB system.
5. The converting institution must apply to the Federal Reserve for membership.
6. The converting institution must ensure that all other required regulatory approvals have been obtained. Final authorization to operate as a national bank will not be given to an institution with a bank holding company until the Federal Reserve Board has approved the holding company.

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7. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
8. The bank must maintain liquidation accounts established when the bank acquired institutions that converted from mutual to stock form.
9. If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the banks must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
10. The converting institutions must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the “Conversion Completion Certification” (enclosed) certifying that you have done so.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the Comptroller’s Licensing Manual, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be modified or waived by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the application control number. If you have any questions, contact Senior Licensing Analyst Sandya Reddy at (212) 790-4055.

Sincerely,

*J. Greg Parvin*

J. Greg Parvin  
Director for District Licensing

Enclosures: Conversion Completion Certification  
Minimum Policies and Procedures  
12 CFR 9  
Survey Letter

**Attachment A**  
**Hudson Valley Bank, National Association**  
**Stamford, Connecticut**  
**2007-NE-01-007**

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139344A  
Scarsdale Road Branch  
21 Scarsdale Road  
Yonkers, NY 10707

139346A  
Lake Avenue Branch  
150 Lake Avenue  
Yonkers, NY 10703

139348A  
Rockledge Branch  
512 South Broadway  
Yonkers, NY 10704

139350A  
White Plains Branch  
328 Central Park Avenue  
White Plains, NY 10606

139352A  
Peekskill Branch  
1835 East Main Street  
Peekskill, NY 10566

139354A  
Mount Vernon Branch  
403 East Sanford Boulevard  
Mount Vernon, NY 10550

139356A  
New Rochelle Branch  
5 Huguenot Street  
New Rochelle, NY 10801

139358A  
Allerton Avenue Branch  
975 Allerton Avenue  
Bronx, NY 10469

139360A  
White Plains Branch  
40 Church Street  
White Plains, NY 10601

139345A  
Getty Square Branch  
61 South Broadway  
Yonkers, NY 10701

139347A  
McLean Avenue Branch  
865 McLean Avenue  
Yonkers, NY 10704

139349A  
Mount Kisco Branch  
664 Main Street  
Mount Kisco, NY 10549

139351A  
Thornwood Branch  
233 Marble Avenue  
Thornwood, NY 10532

139353A  
350 Park Avenue Branch  
350 Park Avenue, 24th Floor  
New York, NY 10022

139355A  
Port Chester Branch  
500 Westchester Avenue  
Port Chester, NY 10573

139357A  
East Tremont Avenue Branch  
3130 East Tremont Avenue  
Bronx, NY 10461

139359  
Elmsford Branch  
37 East Main Street  
Elmsford, NY 10601

139361A  
Lincoln Building Branch  
60 East 42nd Street, Suite #1836  
New York, NY 10165

**Attachment A**  
**Hudson Valley Bank, National Association**  
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139362A  
Woolworth Building Branch  
233 Broadway, Suite #2205  
New York, NY 10279

139363A  
Queens Branch  
162-05 Chrocheron Boulevard  
Rego Park, NY 11358

139364A  
New City Branch  
254 South Main Street  
New City, NY 10956

141177A  
Mamaroneck Branch  
875 Mamaroneck Avenue  
Mamaroneck, NY 10543

\*141732A  
Not Given  
112 West 34TH Street, 19th Floor  
New York, NY 10120

\*139499A  
Not Given  
399 Knollwood Road  
Greenburgh, NY 10603

*\*approved, but unopened*