



Comptroller of the Currency
Administrator of National Banks

Southeastern District Office
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Conditional Approval #516
April 2002

March 15, 2002

Mr. William C. Wiley
Spokesperson
9025 Forest Hill Avenue
Richmond, Virginia 23235

Re: 2001-SE-01-00013 Application to Charter Bank of Louisa, N.A., Louisa, Virginia

Dear Mr. Wiley:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Bank of Louisa, National Association, to be located at 217 East Main Street, Louisa, Virginia. On March 15, 2002, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

This preliminary conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

This preliminary 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 waived or modified by any employee or agent of the OCC or the United States.

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As previously noted, the Bank's main office will be established at 217 East Main Street, Louisa, Virginia. This location is within the boundaries of the Louisa Courthouse Historic District, which may be eligible for listing on the National Register of Historic Places. The main office building will be new construction, however, the organizers of the proposed Bank have not yet prepared design plans for the building. The Virginia Department of Historic Resources ("DHR") determined that the proposed project would have No Adverse Effect on historic properties if the design for the new building adheres to *The Secretary of the Interior's Standards for the Treatment of Historic Properties* and the DHR is provided an opportunity to review and approve the design. The OCC concurs with the DHR's determination. Accordingly, we have included a condition below requiring that these steps be taken.

This preliminary conditional approval is subject to the following conditions:

1. The bank shall obtain the OCC's non-objection before any significant deviation or change from the proposed operating plan occurs during the bank's first three years of operations. The bank shall notify the Roanoke Supervisory Office at least sixty (60) days prior to any proposed significant deviation or change and obtain the OCC's non-objection in writing, to such a proposed deviation or change. The bank must also provide a copy of such notice to the FDIC's Atlanta Regional Supervisory Office.
2. Regarding the establishment of the main office, the Bank shall:
 - (a) Provide the new bank building design and specifications to the DHR for review and approval when they become available, but prior to commencing construction. The design for the building should meet *The Secretary of the Interior's Standards for the Treatment of Historic Properties*. The DHR shall have 30 days from receipt of complete information about the design of the new building to respond with comments.
 - (b) Establish the main office consistent with the design as approved by the DHR.
 - (c) Advise the DHR of any changes to the approved design, and receive DHR approval prior to implementing the changes.
3. Prior to the bank purchasing the main office property, the bank shall submit to the OCC for review and approval two independent appraisals that support the arms-length nature of this transaction. A copy of the appraisals should also be submitted to the FDIC's Atlanta Regional Office.

Condition numbers one and two above are conditions "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC 1818. As such, the conditions are enforceable under 12 USC 1818.

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The bank's initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$4,804,791. The manner in which capital is raised must not deviate from that described in the operating plan without prior OCC notification. If the capital for the new bank is not raised within 12 months and if the new bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. The OCC is opposed to granting extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the bank to open for business as soon as possible.

This is preliminary conditional approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application with them to acquire this new bank. You must furnish the OCC's Southeastern District Office with a copy of all related filings to the Federal Reserve, including registration material.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

Please refer to the "Corporate Organization" booklet (enclosed) of the *Comptroller's Corporate Manual* for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

After reading the instructions for the organization of a new national bank, it is suggested that the spokesperson or a designated correspondent visit the District Office to discuss the organizing process. We feel such a visit can save time and prevent some of the pitfalls that have delayed or prevented other banks from opening.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

In addition to the procedural requirements for all new national banks, the requirements listed in Enclosure A to this letter relative to the bank's planned Internet activities must

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be satisfied prior to the bank's request for a preopening examination or prior to activating a transactional Internet function.

This Office has no objection to the following persons serving as directors and executive officers as proposed in the application and as indicated below. Additional executive officers and directors are subject to the prior review and clearance of the OCC.

<u>NAME</u>	<u>POSITION</u>
James Ron Wheeling	President/CEO and Director
Dean P. Agee	Director
Ethan Allen Call	Director
Graven Winslow Craig	Director
Richard W. Mayhew	Director
David M. Purcell	Director
John J. Purcell	Director
Wallace L. Tingler	Director
Elizabeth Patricia Wilson	Director
H. Manning Woodward, III	Director

Please note that we have not received the results of all of the background checks on Mr. Woodward as of this date. While we have decided not to delay action pending receipt of these responses, if adverse or previously withheld information is received regarding Mr. Woodward, this office will consider any and all remedies available to us under statutes and regulations.

You are also reminded that for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

Any questions concerning this preliminary conditional approval should be directed to Debra Burke at (404) 588-4525.

Sincerely,
/s/
John O. Stein, II
Licensing Manager

Enclosures (4)

Enclosures: Corporate Organization Booklet
Documents - Standard Requirements, New Bank Charters

Documents - Minimum Policies and Procedures
Enclosure A - Pre Opening Requirements Related to Internet

ENCLOSURE A

SPECIAL PREOPENING REQUIREMENTS

In addition to the procedural requirements for all new national banks, the following requirements must be satisfied prior to the bank's request for a preopening examination and before the OCC will grant final charter approval:

1. The bank must submit to the OCC for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:
 - Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.
2. The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see "The Internet and the National Bank Charter" booklet of the *Comptroller's Corporate Manual*, pages 37-38, 74-75. This booklet may be found on the OCC's web site at www.occ.treas.gov/netbank/letters.htm.

3. The bank must have a security program in place that complies with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information" specified at 12 C.F.R. 30, Appendix B.