



Comptroller of the Currency
Administrator of National Banks

Bank Organization and Structure
250 E Street, SW, Mail Stop 3-8
Washington, DC 20219

Conditional Approval #266
January 1998

November 3, 1997

Mr. C. Larry Alexander
United Credit Card, Inc.
4041 Essen Lane
Baton Rouge, Louisiana 70809

Re: Application by United Credit Card, Inc. to charter a national CEBA credit card bank with the title United Credit Card Bank, National Association, Baton Rouge, Louisiana
Application Control Number: 96-SW-01-0014

Dear Mr. Alexander:

The Office of the Comptroller of the Currency ("OCC") has reviewed your application to establish a new national CEBA credit card bank with the title, "United Credit Card Bank, National Association ("UCCB" or "Bank"). On November 3, 1997, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

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

The operating plan will provide the context for the supervisory review at the pre-opening examination. Major deviations from the plan or changes in the composition of the board of directors, ownership, or chief executive officer that the OCC has not approved may result in withdrawal of our preliminary conditional approval. Please note that all relevant financial records should reflect the Bank as a stand alone entity. Additionally, with respect to any dual employees, the Bank's financial records must reflect the personnel costs associated with time devoted by these employees to Bank matters.

This approval is subject to the following conditions:

1. UCCB shall not extend credit to consumers based on the consumers' collateral without regard to the consumers' repayment ability, including the consumers' current and expected income, current obligations and employment (if applicable).
2. UCCI and UCCB also shall not include in any written or oral solicitation or other statement to prospective credit card consumers statements such as "bad credit, no problem" and "avoid foreclosure." All written and oral solicitations to prospective home secured credit card consumers shall include the following warning presented in a clear conspicuous manner: "You may lose your home if you cannot make all of the payments or if you miss any of the payments on this loan."
3. The secured credit card terms may not include a temporary low introductory interest rate.
4. The secured credit card agreement may not provide for an increase in the interest rate or the imposition of other finance charges after the consumer defaults.
5. If the agreement with the consumer contains a separate repayment period, the agreement shall meet the following additional conditions:
 - The agreement may not include terms under which the outstanding principal balance will increase at any time over the course of the loan because the regular periodic payments do not cover the full amount of the interest due.
 - The agreement may not include terms under which the aggregate amount of the regular periodic payments would not fully amortize the outstanding principal balance.
6. In the event a consumer defaults on repayment of a secured credit card loan, UCCB shall provide such consumer with a period of at least 60 days to remedy the default before UCCB commences foreclosure proceedings on the second mortgage. UCCB shall disclose to each consumer the existence of his/her right to such a workout period and the 60 day time period shall begin to run only after the consumer has received such notice.
7. UCCI agrees to use its best efforts to amend all secured credit card agreements purchased from Key Federal in accordance with conditions 4, 5 and 6.
8. UCCB must obtain the prior approval of the Federal Deposit Insurance Corporation (FDIC) to become an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).

It is noted that the FDIC issued its approval on December 6, 1996.

9. The Bank will maintain status as an "insured depository institution" within the meaning of 12 U.S.C. §1813(c)(2).
10. At the earliest practicable time, the Bank will provide notice to the OCC of any action initiated or taken by the FDIC that is directed toward termination of the Bank's status as an insured depository institution.
11. In the event the FDIC initiates or takes any action to terminate the Bank's status as an "insured depository institution," the Bank must request and obtain the prior approval of the OCC before continuing operation as a non-FDIC insured national bank. In determining whether to approve the continued operation by the Bank as an uninsured national bank, the OCC may impose additional conditions upon the Bank. Such conditions shall be regarded as "conditions imposed in writing by the agency in connection with the granting of any application or other request by the depository institution" within the meaning of 12 U.S.C. §1818(b)(1).
12. The limitations of the Bank's activities must be enumerated fully in its Articles of Association. Specifically, the articles must state:
 - The business of the association will be limited to that of a national credit card bank as specified in the Competitive Equality in Banking Act of 1987 (CEBA), and
 - The Bank must obtain the prior written approval of the OCC before amending its Articles of Association to expand the scope of its activities and services.
13. The Bank must maintain on file on its premises current financial information on United Companies Financial Corporation, i.e., audited annual financial reports, quarterly financial statements, 10-K and 10-Q reports, 8-K reports as appropriate, and any other publicly available financial data required to be prepared by the company(ies) to keep investors apprised of their financial condition. The financial information must be provided to the Bank's supervisory office once it becomes available.

It is to be expressly understood that the OCC's authority to impose conditions under #11 above, is in addition to, and not in substitution of, any other authority the OCC presently possesses--or may come to possess--for uninsured national banks. Please be advised that the above conditions shall be deemed to be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. §1818.

The Bank may offer credit life, health, and accident insurance in accordance with 12 C.F.R. 2.

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Also be advised that any services performed by affiliates for the Bank and payments to these affiliates by the Bank must be rendered pursuant to contracts which comply with federal law and regulation, reflect safe and sound practices, and are at costs similar to what the Bank would pay an independent third party for the same services. The contracts are to be submitted to the Southwestern District Office for review at or before the time you establish corporate existence.

You may now establish the corporate existence of the Bank and forward the Articles of Association and Organization Certificate to the Southwestern District Office. As a legal entity, you may begin to take 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 final approval is granted (See enclosed Corporate Organization Booklet).

Enclosed are procedural requirements that must be met before the Bank will be allowed to commence business. Please note that some of the requirements referenced in the enclosed package may not be applicable since the Bank's activities will be limited to those of a national CEBA credit card bank. Management must ensure that the applicable policies and procedures are established and adopted by the Board of Directors before the Bank commences business.

We require that, prior to opening, UCCB engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the Bank. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the Bank opens. We expect that such audits will be performed on an annual basis for at least five years following commencement of operations. Engagement of an auditor will be verified during the pre-opening examination.

The OCC has no objection to the following persons serving as executive officers as proposed in the application: J. Terrell Brown, as Chairman of the Board/Chief Executive Officer; C. Larry Alexander, as President/Chief Operating Officer; Keith D. Murray, as Executive Vice President/Cashier; and, Jesse O. Griffin, as Executive Vice President/Finance.

The OCC also has no objection to the following persons serving as directors as proposed in the application: J. Terrell Brown, C. Larry Alexander, John D. Dienes, Dale E. Redman, C. Geron Hargon, and Keith D. Murray.

Any additional executive officers and directors identified before the Bank opens for business are subject to OCC's prior review and clearance. Also, please note that the OCC requires that you obtain prior approval of additions or changes in executive officers and directors for two years after the Bank opens for business.

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Your check for \$3,100 payable to the Comptroller of the Currency, along with the Articles of Association and Organization Certificate, should be forwarded to the OCC within thirty days.

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

You also submitted a request that UCCB be designated as a "limited purpose bank" for purposes of the Community Reinvestment Act. OCC's approval of your request was sent to you by letter dated August 14, 1996, by Bert A. Otto, Acting Deputy Comptroller for Compliance Management.

All correspondence regarding this application should reference the application control number. If you have any questions concerning this letter, please contact Senior Corporate Analyst Karen Hardy in our Southwestern District Office at (214) 720-7052 or me at (202) 874-5060.

Sincerely,

/s/

Robert A. Sihler
Senior Bank Structure Analyst
Bank Organization and Structure

Enclosures: Corporate Organization Booklet
Minimum Policies and Procedures
Procedural Requirements