

OFFICE OF THRIFT SUPERVISION

**Approval of Organization of a Federal
De Novo Stock Savings Bank**

Order No.: 97-24

Date: March 14, 1997

The Office of Thrift Supervision ("OTS") has evaluated an application to organize Bank of St. Augustine, St. Augustine, Florida (the "Institution"), a federal de novo stock savings bank, under the standards set forth at Section 5(e) of the Home Owners' Loan Act ("HOLA"), and 12 C.F.R. Sections 552.2-1 and 571.6; and has considered the Institution's proposed Community Reinvestment Act statement to meet the credit needs of the entire community the Institution will serve, including the low and moderate-income neighborhoods therein. In addition, the OTS has considered a digest from the Southeast Regional Office, an opinion from the Business Transactions Division, and an analysis from the Corporate Activities Division.

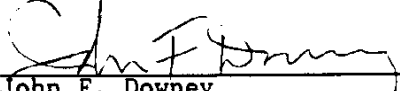
Based on the foregoing, the OTS has concluded that the organization of the Institution would be in compliance with all applicable statutes and regulations. Accordingly, the application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (the "Regional Director"):

- (1) The Institution must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Director;
- (2) On the business day prior to the date the Institution opens for business, the Chief Financial Officer of the Institution shall certify in writing to the Regional Director that no material adverse changes have occurred with respect to the information currently before the OTS, including but not limited to directors, shareholders, or the business plan; and provided further, that no additional information having an adverse bearing on any feature of the application exists;
- (3) The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Regional Director may grant;
- (4) The Institution must advise the Regional Director in writing within 10 calendar days after the effective date of the proposed

transaction: (a) of the effective date of the proposed transaction and of the Institution's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the application and this Order;

- (5) The Institution shall submit independent audit reports to the Regional Office for its first three fiscal years. These reports shall be in compliance with the audit rules set forth at 12 C.F.R. Section 562.4;
- (6) Within thirty (30) days of the effective date of the proposed transaction, the Institution shall submit to the Regional Office a final list of its stockholders, including each stockholder's name, address, amount of stock purchased or acquired, total purchase price and any affiliation between the stockholders;
- (7) Within thirty (30) days of the effective date of the proposed transaction, the officers, organizers and directors must meet with the Regional Director;
- (8) The Institution shall provide for employment of senior executive officers who shall be charged with full administrative and material responsibilities of the Institution under policies established by its board of directors. The performance of such individuals will be periodically reviewed and their continued employment will be subject to the approval of the Regional Director for a period of three years;
- (9) For a period of two years from the date of consummation of the proposed transaction, the Institution shall provide information and receive approval from the Regional Director for any proposed senior officers or directors. The information shall be provided 30 days before such addition or appointment becomes effective; and
- (10) Mr. John Lester's ownership percentage shall not exceed 15% of the the outstanding stock of the Institution after taking into account the exercise of stock warrants issued in the initial offering without the prior approval of the Regional Director.

By order of the Director of the Office of Thrift Supervision, or his designee, effective March 14, 1997.


John F. Downey
Executive Director, Supervision