

# Approval or Conditional Approval Letter

[OCC Logo]

Date

Name of Representative  
Name of Institution  
Address  
City, State, ZIP Code

Re: Application to Convert to a National Bank  
(*insert bank name and CAIS control number*)

Dear Mr. or Mrs. (*Insert name*):

The Comptroller of the Currency (OCC) has reviewed your application to convert (*insert name of institution*) to a national bank **[if branches include]** 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 approval to convert to a national banking association pursuant to **[for state banks include: 12 USC 35 and/ 12 CFR 5.24** as follows:

Title: (*insert name of national bank*)

Location: (*insert address*)

## **[For conditional approvals only]**

This conversion approval is subject to the following special conditions:

(*Insert special conditions, including the standard deviation condition, if appropriate.*)

All conditions of this approval 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 and, as such, are enforceable under 12 USC 1818.

This approval is based in part upon the institution's representation that, prior to 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.

## **[For Operating, Financial, and Statutory Subsidiaries]**

The OCC approves (*insert name of bank*)'s plans to (*continue, expand, or perform*) the following activity in (*insert name of subsidiary*), the bank's (*insert operating, financial, or statutory*) subsidiary. The activities include (*insert description of the activities*).

## **[For Nonconforming Assets/Activities]**

**[If the assets or nonconforming subsidiary can be held permanently]** This letter is the approval to retain the nonconforming asset (*insert description*). **[If the assets or nonconforming subsidiary cannot be held permanently]** Following consummation and for a period of two

years, *(insert name of institution)* is permitted to retain its investment in the *(insert name of sub or describe activity)*. This investment must be terminated within the two-year period unless, within that time period, the OCC determines that this investment is permissible. ***[If divestiture is required immediately]*** *(insert name of institution)* must divest of its investment in *(insert description of asset)* immediately.

***[For Noncontrolling Interests in Other Entities and Other Equity Investments]***

***[If noncontrolling interest can be held permanently]*** This letter is the approval to retain the noncontrolling interest in *(insert description)*. ***[If the noncontrolling interest cannot be held permanently]*** Following consummation and for a period of two years, *(insert name of institution)* is permitted to retain its interest in the *(insert name of entity or investment)*. This entity or investment must be terminated within the two-year period unless, within that time period, the OCC determines your interest in this investment or entity is permissible. ***[If divestiture is required immediately]*** *(Insert name of institution)* must divest of its interest in *(insert description of entity or investment)* immediately.

***[For Branches]***

This letter constitutes official OCC authorization to operate the following branches:

OCC Branch Number ***[insert asterisk if approved, but unopened]***  
Branch Popular Name  
Branch Street Address  
City, State, ZIP Code

***[If there are approved but unopened branches]*** 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.

***[For Fiduciary Powers]***

The OCC has *(approved or conditionally 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). ***(If limited powers, add:)*** Per your application, the fiduciary powers are limited to: *(insert the list of fiduciary powers requested.)*

***[If applicable]*** The OCC has no objection to *(insert name)* serving as your trust officer. The OCC must approve any trust management change the bank makes prior to commencing fiduciary powers.

The board of directors should provide for the establishment and administration of *(the trust department or fiduciary operation)* 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).
- 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).

***[For Bank Premises]***

Pursuant to 12 CFR 5.37(d)(2), the OCC has approved your request for an additional investment in bank premises, including leasehold improvements, resulting in a total investment in bank premises in an amount not to exceed \$(*insert amount*). The bank's investment in bank premises may not be increased above this amount without first obtaining OCC approval. This amount remains effective until the OCC notifies the bank otherwise. Approval is not required for items that will be expensed in conjunction with the purchase of bank buildings.

All bank premises and fixed assets should be depreciated annually on the bank's books in accordance with generally accepted accounting principles, and all leases should be accounted for in accordance with Financial Accounting Standards Board Statement No. 13.

***[For all institutions]***

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

1. The institution 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 bank (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. *(Insert name of institution)* has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, *(insert name of institution)* 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 *(insert name of institution)* 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.
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. The converting institution 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>.

**[Omit this paragraph if the applicant used the new conversion application, which includes the "contract language" in the certification.]** This *(approval or 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 *(insert name)* at *(insert telephone number)*.

Sincerely,

— *Signature* —

(Insert name and title)

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