



**Comptroller of the Currency
Administrator of National Banks**

Licensing Department
250 E Street, S.W.
Washington, D.C. 20219

**Conditional Approval #977
November 2010**

October 19, 2010

Mr. Peter G. Weinstock
Hunton & Williams LLP
1445 Ross Avenue, Suite 3700
Dallas, Texas 75202

Re: Application to establish a new national bank, Blue Ridge Bank, National Association
Application Control Number: 2010-WO-01-0006

Dear Mr. Weinstock:

The Office of the Comptroller of Currency (“OCC”) hereby grants preliminary conditional approval to the application to establish a new national bank with the title of Blue Ridge Bank, National Association (the “Bank”). This approval is granted after a thorough review of the application, other materials you have supplied, and other information available to the OCC, including commitments and representations made in the application and by the Bank’s representatives during the application process. This approval is also subject to the conditions set out herein.

The OCC’s decision to grant preliminary conditional approval is made with the understanding that the Bank will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (“FDIC”).

The OCC has granted preliminary conditional approval only. Final approval and authorization for the Bank to open will not be granted until pre-opening requirements are met. Until final approval is granted, the OCC has the right to modify, suspend, or rescind this conditional preliminary approval if the OCC deems any interim development warrants such action.

Background

The organizers propose to establish the Bank for the purpose of assuming liabilities and purchasing assets from the FDIC acting as the receiver of a depository institution, inasmuch as only chartered depository institutions may assume deposit liabilities from the FDIC.¹ The Bank will be a wholly-owned subsidiary of Blue Ridge Holdings, Inc. (“BRH”), a Delaware corporation formed in connection with this proposal. BRH, through a Stock Purchase Agreement, has entered commitments with a number of investors (“Investors”) to purchase BRH stock. These commitments would be drawn upon to support acquisitions by the Bank.² The Investors include individuals, investment firms, and others. The applicants represent that sufficient capital will be injected to ensure the Bank substantially exceeds the amount needed to be well-capitalized when it opens for business and thereafter. The OCC understands that BRH will apply to the Board of Governors of the Federal Reserve System to become a bank holding company and acquire the Bank.

Since the Bank would not commence operations until after its bid for a particular institution is accepted by the FDIC, the specific size, scope, and activities of the Bank will not be determined until it acquires the business of a specific failed institution from the FDIC. Thus, the organizers could not include a detailed specific comprehensive business plan in the charter application before preliminary approval.³ However, based upon the information provided in the application, including in particular the experience of proposed key management of the Bank, the OCC concluded the Bank could receive preliminary approval, subject to the requirement that the Bank follow an organizing process that includes OCC review as it considers potential acquisition transactions. This will enable the OCC to address particular safety and soundness issues raised by a proposed acquisition as the Bank proceeds with an acquisition. Accordingly, the OCC has determined that the application meets the regulatory factors for preliminary conditional approval.

It is anticipated that the OCC would grant final approval for the Bank and approve a purchase and assumption transaction under the Bank Merger Act the first time that the Bank’s bid to acquire a failed institution is accepted by the FDIC. Final approval and authorization for the

¹ The organizers anticipate that the Bank’s first transaction would be an assumption of liabilities and purchase of assets from the FDIC as receiver of a failed institution. Other transactions with troubled institutions could occur later.

² In order to ensure that the Bank has funds immediately available to consummate a purchase and assumption transaction with the FDIC if the Bank is the winning bidder for a failure resolution transaction, the applicants represent that BRH will draw on the commitments in sufficient time so that the funds to purchase the BRH shares will be in an escrow account with a third party financial institution prior to the Bank submitting a bid.

³ The applicants provided a preliminary business plan based on (1) the general size and type of assets of a failed institution they would seek to have the Bank acquire from the FDIC and (2) their plans for the size and type of future business they propose the Bank would engage in.

proposed Bank to open will not be granted until all pre-opening requirements are met. In addition, in connection with final approval and the Bank's commencing business, the OCC will require the Bank to enter a written Operating Agreement that will require the Bank to submit a Comprehensive Business Plan acceptable to the OCC. The Plan must detail the proposed business and operations of the Bank, and the Bank must obtain the OCC's written supervisory non-objection to the Plan. After receiving the OCC's non-objection, the Bank must implement and adhere to the Plan. Any significant deviation from the Plan will require prior notice to the OCC and receipt of a separate, written OCC non-objection to the changes.

Officers and Directors

The OCC poses no objection to the following persons serving as organizers, directors, and/or executive officers as proposed in the application:

<u>Name</u>	<u>Title</u>
Milton H. Jones, Jr.	Organizer, Director, Chairman, President, Chief Executive Officer
Walter L. Davis	Organizer, Director, Vice Chairman, Chief Credit Officer
Charles M. Williams	Organizer, Director, Vice Chairman, Chief Operating Officer
Edward J. Brown, III	Organizer, Director
Robert J. Brown	Organizer, Director
Robert L. Wright	Organizer, Director
J. Veronica Biggins	Director
Howard C. Bluver	Director
[]	Chief Financial Officer

We have not completed our background checks for some of the above individuals. Continued service of these individuals will be dependent on satisfactory completion of the background investigation process.

Prior to opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers, executive officers or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business (or such longer period specified in the Operating Agreement), the Bank must file an *Interagency Biographical and Financial Report* with the OCC and receive a letter of no objection from the OCC prior to any new executive officer or director assuming such position.

Organizing Steps and Requirements

The “Charters” booklet in the *Comptroller’s Licensing Manual* provides guidance for organizing your bank. The booklet is located at the OCC’s web site:

<http://www.occ.treas.gov/corpbook/group4/public/pdf/charters.pdf>.

As detailed in the booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward Articles of Association and the Organization Certificate to Senior Licensing Analyst David Reilly in this office. As a “body corporate,” or legal entity, the Bank may begin taking those steps necessary to obtain final approval. The Bank may not begin the business of banking until it fulfills all requirements for a bank in organization and the OCC grants final approval.

Enclosed are standard requirements and minimum policies and procedures for new national banks. In addition to the standard requirements for all new national banks, the Bank must also follow the requirements required by the conditions below and set out in Appendix A. The Bank must meet these requirements before the OCC will issue final approval and the Bank is allowed to commence business.

Under separate cover, the OCC will send to you 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 only in electronic form at our web site:

<http://www.occ.treas.gov/corpapps/corpapplic.htm>.

Conditions

This approval is subject to the following conditions:

- A. During its organization, the Bank shall follow the requirements specified in Appendix A regarding the Bank’s first acquisition (the “Initial Acquisition”).
- B. If the Bank receives final OCC approval for an Initial Acquisition, the Bank shall enter into, and thereafter implement and adhere to, a written Operating Agreement with the OCC, in a form acceptable to the OCC, within three (3) business days after receiving final OCC approval, commencing business, and consummating the Initial Acquisition.

These conditions of approval are conditions “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 U.S.C. § 1818. As such, the conditions are enforceable under 12 U.S.C. § 1818.

Conclusion

This conditional preliminary 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. Our approval is based on the representations made in the application, other submissions, and other information available to the OCC as of this date. Until final approval is granted, the OCC may modify, suspend, or rescind this conditional preliminary approval if a material change in the information on which the OCC relied occurs prior to final approval or if the OCC deems any other interim development warrants such action. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

If the Bank has not commenced business and consummated an Initial Acquisition within eighteen (18) months from the conditional preliminary approval date, this approval expires, unless extended by the OCC.

Information required to be submitted to the OCC by the Organizing Conditions in Appendix A and any questions concerning this conditional preliminary approval should be directed to Senior Licensing Analyst David Reilly at 202-874-5060. You should include the application control number on any correspondence related to this filing.

Sincerely,

Stephen A. Lybarger

Stephen A. Lybarger
Deputy Comptroller, Licensing

Attachment:

Appendix A: Organizing Conditions

Enclosures:

Standard Requirements
Minimum Policies and Procedures
Survey Letter