

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK AND ESTABLISH AN OPERATING SUBSIDIARY

Order No.: 99-05

Date: January 22, 1999

Harold E. Crye, Richard E. Leike, Ronald W. Stimpson, Jane Smith Hardin and Kirk P. Bailey (the "Organizers"), have applied to the Office of Thrift Supervision ("OTS"), pursuant to 12 U.S.C. § 1464(e), and 12 C.F.R. § 552.2-1, to organize First Trust Bank for Savings, Memphis, Tennessee (the "Savings Bank"), a federal stock savings bank. In addition, the Savings Bank has applied, pursuant to 12 C.F.R. § 559.11, to establish an operating subsidiary that will act as a mortgage company (First Trust Mortgage Company). (The foregoing are collectively referred to herein as "the Applications.") The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications under the standards set forth in 12 U.S.C. § 1464(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), 556.5 and 559.3, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901 *et seq.*, and the OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, the OTS has considered the digest by the OTS Central Regional Office ("Regional Office"), a legal opinion by the Business Transactions Division, and an analysis by the Office of Examination and Supervision ("collectively the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the Applications satisfy all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the Applications are hereby approved, subject to the following conditions:

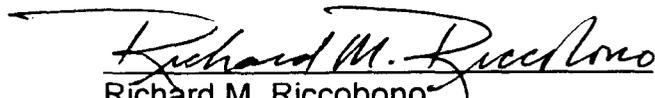
1. The Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Regional Office;
2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Regional Director, or his designee, may grant;
3. On the business day prior to the date of consummation of the proposed transaction, the Organizers must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the information disclosed in the Applications, including but not limited to directors, officers, shareholders or the business plan; and that no additional information having an adverse bearing on any feature of the Applications has been brought to the attention of the Organizers since the date of the financial statements submitted with the Applications;

4. The Savings Bank must bring the composition of its board of directors into compliance with 12 C.F.R. § 543.3(d)(2) within 90 calendar days from the date of this Order. If this involves the selection of additional director(s), each director must receive the prior approval of the Regional Director;
5. At least 40 percent of the Savings Bank's board of directors must be comprised of individuals who are not officers, employees, or controlling shareholders of any affiliate and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director, employee or controlling shareholder of any affiliate and who is not an officer, employee or controlling shareholders of the Savings Bank. At least 50 percent of the Savings Bank's audit and investment committees must be comprised of directors who are not officers or employees of the Savings Bank or who are not officers, employees or controlling shareholders of any affiliate. The Savings Bank must comply with this condition within 90 calendar days from the date of this Order. If this involves the selection of additional director(s), each director must receive the prior approval of the Regional Director;
6. The Savings Bank must advise the Regional Office in writing within five calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction and of the Savings Bank's insurance of accounts and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications and this Order;
7. The Savings Bank must submit independent audit reports to the Regional Office for its first three fiscal years. These reports shall comply with the audit rules set forth in 12 C.F.R. § 562.4;
8. The Savings Bank must operate within the parameters of its business plan. Any proposed major deviations or material changes from the plan, and in particular, those pertaining to cross-marketing, will require the Savings Bank to submit a revised business plan for the approval of the Regional Director, or his designee. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented;
9. The Savings Bank and its affiliates must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be submitted for the review and non-objection of the Regional Director within 30 calendar days of the date of this Order;
10. Any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director, or his

designee, at least 30 days prior to execution and must receive his written non-objection prior to implementation; and

11. The Savings Bank's Year 2000 Project Management Program must adhere to the terms, deadlines, requirements and conditions contained in the Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council ("FFIEC"), including the May 5, 1997 *FFIEC Year 2000 Project Management Awareness* statement, the December 17, 1997 *FFIEC Safety and Soundness Guidelines Concerning the Year 2000 Business Risk*, the March 17, 1998 *FFIEC Guidance Concerning Institution Due Diligence in Connection with Service Provider and Software Vendor Year 2000 Readiness*, the March 17, 1998 *FFIEC Guidance Concerning the Year 2000 Impact on Customers*, the April 10, 1998 *Guidance Concerning Testing for Year 2000 Readiness*, the May 13, 1998 *Guidance Concerning Contingency Planning in Connection with Year 2000 Readiness*, the May 13, 1998 *Guidance on Year 2000 Customer Awareness Programs*, the September 2, 1998 *Guidance Concerning Fiduciary Services and Year 2000 Readiness*, the October 15, 1998 interim *Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness* and companion interim rule, *Safety and Soundness Standards* and any subsequent OTS or FFIEC Year 2000 guidance, regulations or other requirements.

By order of the Director of the Office of Thrift Supervision, or her designee,
effective JANUARY 22, 1999.


Richard M. Riccobono
Deputy Director