



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

August 24, 2007

**Conditional Approval #817
September 2007**

Mr. Sidney E. Bostian, Jr.
President & Chief Executive Officer
Founders Corporation of Loudoun, Inc.
One East Market Street
Leesburg, Virginia 20176

Mr. Bradley J. Gable
Chairman of the Board
Founders Corporation of Loudoun, Inc.
One East Market Street
Leesburg, Virginia 20176

Re: Application to establish Founders Bank & Trust, National Association, Leesburg, VA
CAIS No.: 2007-NE-01-0001
Charter No.: 24756

Dear Messrs. Bostian and Gable:

This letter is in response to the above referenced application to establish a new national bank with the title of Founders Bank & Trust, National Association (“Founders” or “the Bank”). Based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the Bank’s representatives, today I grant preliminary conditional approval of the subject application.

This preliminary conditional approval is granted with the understanding that Founders will apply for Federal Reserve membership and will obtain deposit insurance from the Federal Deposit Insurance Corporation (“FDIC”). In addition, my preliminary conditional approval is conditioned upon the following:

1. The Bank: (i) shall give the Maryland/National Capital Area Satellite Field Office (the “Supervisory Office”) at least sixty (60) days prior written notice of the Bank’s intent to significantly deviate or change from its business plan or operations¹ and (ii) shall obtain the OCC’s written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems appropriate in a written determination of no objection to a bank’s notice. For the first three years of operation, the Bank also must provide a copy of such written notice to the FDIC’s Atlanta regional office.
2. Prior to opening, the Board must identify and appoint at least two (2) additional Board members, subject to supervisory office approval, who possess prior bank Board experience

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

sufficient to complement the existing Board. These experienced individuals should assume responsibility for Board committee chairs in their respective areas of expertise.

3. The Board shall ensure that the Bank maintains a minimum leverage ratio of 9.5% (hereafter referred to as the “minimum leverage ratio”) at all times during the first three years of operations. If the Bank fails to maintain the minimum leverage ratio, the Bank shall be deemed “undercapitalized”, for purposes of 12 U.S.C. 1831o and 12 C.R.F. 6, and the OCC shall have the authority to take any action authorized under all provisions of 12 U.S.C. 1831o and 12 C.F.R. 6 applicable to an undercapitalized national bank. For purposes of 12 U.S.C. 1831o(e)(5), an action “necessary to carry out the purpose of this section” shall include restoration of the Bank’s capital so that it is no longer considered “undercapitalized”, and other action deemed advisable by the OCC to address the Bank’s capital deficiency or the safety and soundness of its operations.
4. Within six (6) months of opening, the Board must develop and implement a capital plan that incorporates benchmarks for all regulatory capital measurements, subject to supervisory office review and approval.
5. Prior to opening, the Board must develop and submit to the supervisory office for review and approval a satisfactory budgeting process.
6. Prior to opening, the Board shall hire and retain a credit administration manager, subject to supervisory office approval.
7. Prior to opening, the Board must develop a comprehensive plan, subject to supervisory office approval, that provides for ongoing education and training of Board members with respect to Compliance, Board Processes, Risk Management, Credit and national banking laws, rules and regulations. Within 12 months of opening, the Board must implement the comprehensive plan and ensure compliance on an ongoing basis.

These conditions of approval are conditions imposed in writing by the agency in connection with any action on any application within the meaning of 12 U.S.C. 1818. As such, the conditions are enforceable under 12 U.S.C. 1818.

I have granted preliminary conditional approval only. Final approval and authorization for Founders to open will not be granted until all preopening requirements and conditions are met. Until final approval is granted, the OCC has the right to alter, suspend, nullify, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

The Bank’s initial paid-in capital, net of all organizational and preopening expenses, shall be no less than \$25 million. The manner in which capital is raised must not deviate from that described in the business plan without prior written OCC notification. If the capital for the Bank is not raised within 12 months or if the Bank is not opened for business within 18 months from the preliminary conditional approval date, this approval expires. The OCC is opposed to granting

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extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control.

Final approval will not be granted until and unless the Federal Reserve acts favorably on your application. You must furnish the OCC with a copy of all related filings to the Federal Reserve, including registration material. Please submit this information to J. Gregory Parvin, District Director in our Northeastern District Licensing Office.

The OCC poses no objection to the following person(s) serving as executive officer(s), directors, and/or organizers as proposed in the application:

<u>Name</u>	<u>Title</u>
Mr. Sidney E. Bostian	President & Chief Executive Officer
Mr. James E. Shelton	Chief Lending Officer
Mr. Joseph L. Borrelli	Chief Financial Officer
Mr. Bradley J. Gable	Organizer & Chairman of the Board
Mr. Peter H. Dean	Organizer & Director
Mr. Paul D. Economon	Organizer & Director
Mr. John E. Fochtman	Organizer & Director
Mr. Carl N. Grant, III	Organizer & Director
Ms. Lawrie Vick	Organizer & Director
Mr. Fred B. Small, Jr.	Organizer & Director
Mr. Edward Wetherell	Organizer & Director

Prior to the Bank's opening, the Bank must obtain the OCC's prior written determination of no objection for any additional organizers or executive officers, or directors appointed or elected before the person assumes the position. For a two-year period after the Bank commences business, 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.

Background checks requested by the OCC have not yet been received for the following proposed directors: Ms. Vick, Messrs. Wetherell, Small, Gable, Grant, Fochtman, Economon and Borrelli. Accordingly, the continued service of these individuals will be dependent on satisfactory completion of the background investigation process.

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>. The booklet contains all of the steps you must take to receive your charter.

As detailed in this booklet, you may establish the corporate existence of and begin organizing the Bank as soon as you adopt and forward the Articles of Association and the Organization Certificate to J. Gregory Parvin in the Northeastern District Licensing Office for his review and acceptance. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining 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. The Bank must meet the standard requirements before it is allowed to commence

business and the Board of Directors must ensure that the applicable policies and procedures are established and adopted before the Bank begins operation.

In addition to the standard requirements for all new national banks, the following special requirements must be satisfied prior to the Bank's request for a preopening examination and before the OCC will grant final charter approval:

1. The Bank must submit to the Maryland/National Capital Area Satellite Field Office for review, and prior written determination of no supervisory objection, a complete description of the Bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:
 - vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.
2. The Bank must have performed an independent security review and test of its electronic banking platform. The Bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the Bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source ("Reviewer"). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, refer to "The Internet and the National Bank Charter" booklet of the *Comptroller's Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC's Web site:

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

3. The Bank must have a security program in place that complies with the "Interagency Guidelines Establishing Standards for Safeguarding Customer Information" specified at 12 C.F.R. 30, Appendix B.

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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>.

This preliminary 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 (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., 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 waived or modified by any employee or agent of the OCC or the U.S.

Please direct any questions concerning this preliminary conditional approval to Wai Fan Chang, Licensing Analyst, in our Northeastern District Licensing Office at 212-790-4055.

Sincerely,

Lawrence E. Beard

Lawrence E. Beard
Deputy Comptroller for Licensing

Enclosures: Standard Requirements
Minimum Policies and Procedures
Customer Satisfaction Survey