

OFFICE OF THRIFT SUPERVISION

Approval of Modification of Condition

Order No. 2002-53

Date: November 25, 2002

Re: Docket No. 15682

Cornerstone Bank, Atlanta, Georgia, (Savings Bank) has submitted an application to the Office of Thrift Supervision (OTS) to modify Condition No. 11 of Order No. 99-59, dated October 6, 1999, to extend the period during which Mr. William B. Pendleton may serve as the Chief Executive Officer of the Savings Bank and the Chief Executive Officer of Primary Capital Advisors, LC (PCA), a mortgage banking affiliate, by 18 months. Order No. 99-59 granted approval for the Savings Bank's application for permission to organize (PTO) subject to Condition No. 11, which authorized Mr. Pendleton to continue serving as Chief Executive Officer of the Savings Bank and PCA (dual service) for 18 months following the Savings Bank's opening for business, which occurred on February 20, 2001. The requested modification would allow Mr. Pendleton's dual service for a total of 36 months from February 20, 2001.

OTS has the legal authority to impose conditions in connection with PTO, and other, applications, to ensure that applicable approval standards are satisfied. *See, Kaneb Services, Inc. v. Federal Savings and Loan Insurance Corporation*, 650 F.2d 78, 83 (5th Cir. 1981). Encompassed within the authority to impose conditions to ensure compliance with approval standards is the authority to modify such conditions in furtherance of satisfying these standards.

OTS imposed Condition No. 11 of Order No. 99-59 to enhance the probability of the Savings Bank's usefulness and success consistent with the approval standards for a PTO application by ensuring sound management and discouraging conflicts of interest. Based upon the Savings Bank's operating history, OTS does not object to Mr. Pendleton's continued dual service for an additional 18 months. Accordingly, Mr. Pendleton's dual service may continue as provided in Condition No. 11 of Order No. 99-59, except that the phrase "thirty-six month period" shall be substituted for the phrase "eighteen month period" where it appears in the condition.

By order of the Director of the Office of Thrift Supervision, or his designee, effective

November 25, 2002.



Scott M. Albinson
Managing Director
Office of Supervision