



Office of the Comptroller of the Currency

Interpretations - Corporate Decision #96-43

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August 7, 1996

Linda B. Johnson
Senior Vice President
Franklin Bancorporation, Inc.
1722 Eye Street, N.W.
Washington, D.C. 20006

Re: Proposals to relocate the main office of Franklin National Bank of Virginia, establish a branch at the former main office location, and then merge with and into Franklin National Bank of Washington, D.C.

Application Control Numbers: 96-NE-07-0028, 96-NE-05-0070, and 96-NE-02-0026

Dear Ms. Johnson:

This is to inform you that on August 7, 1996, the Office of the Comptroller of the Currency ("OCC") approved the proposal to change the location of the main office of Franklin National Bank of Virginia ("Franklin-VA") from 1421 Prince Street, Alexandria (Independent City), Virginia, to 1722 Eye Street, N.W., Washington, D.C. The OCC also approved Franklin-VA's proposal to establish a branch at its current main office site. Additionally, the OCC approved the proposal to subsequently merge Franklin-VA with and into Franklin National Bank of Washington, D.C., Washington, District of Columbia, ("Franklin-DC") under the charter and title of the latter.

The OCC has previously determined that it is legally permissible for a national bank to relocate its head office from one state to another and to retain its existing branches in the former state under 12 USC 30. Also, the OCC has determined that the relocated bank may establish a branch at the site of the former main office as authorized under 12 USC 36. Applications involving relocations from the District of Columbia to Virginia have previously been approved. *See, e.g., the OCC's Decision on the Application of Signet Bank, National Association, Washington, District of Columbia*, (OCC Corporate Decision No. 96-07, February 2, 1996)

Before passage of the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, Pub. L. No. 103-328, 108 Stat. 2338 (enacted September 29, 1994) (the "Riegle-Neal Act"), the OCC had authorized the relocation of a national bank's main office to another location across the state line in several decisions. Subsequent to the Riegle-Neal Act, the OCC has approved transactions involving interstate main office relocations, interstate mergers, and interstate branching in a number of applications. Three of the OCC's interstate main office relocation decisions since the Riegle-Neal Act have been challenged in court. One case was decided adversely to the OCC (see *Ghiglieri v. Ludwig*, No. 3:95-CV-2001-H (N.D. Tex. May 22, 1996) ("Ghiglieri")). The OCC believes the decision is erroneous and has appealed the

decision (*appeal docketed*, No. 96-10818 (5th Cir. July 10, 1996)). *See, e.g., the OCC's Decision on the Applications of Sun World, N.A.* (OCC Corporate Decision 96-, August 2, 1996) ("*OCC Sun World Decision*"); *Decision on the Applications of KeyBank, N.A. and Society National Bank* (OCC Corporate Decision No. 96-32, June 14, 1996) ("*OCC KeyBank Decision*").

These approvals are granted based on a thorough review of all information available, including representations made by you and your representatives in the applications, subsequent correspondence and telephone conversations. Based on these representations, it is understood that the proposed transactions will be effected contemporaneously, with the relocation occurring prior to the merger.

Please be advised that the OCC also authorizes Franklin-DC, should the combination occur between Call Report dates, to recalculate its legal lending limit. The new lending limit should be calculated by using data from the last Call Report of the individual banks filed prior to consummating the combination, as adjusted for the combination. Carnegie Regent attached will then file a new Call Report and begin calculating its legal lending limit according to 12 CFR 32.4(a) at the end of the quarter following consummation of the combination.

If the change in location is not made, the branch is not established or the merger is not consummated within twelve months from the approval date, the approvals are automatically terminated unless the OCC grants an extension of the time period.

Our Northeastern District Office should be advised, in advance, of the desired effective date for the change in location, branch establishment and merger so that the OCC may issue the necessary certification and authorization letters. The effective date of the merger must be after the date of this letter.

We will not issue a letter certifying consummation of the transaction until we receive Articles of Association for the resulting bank.

If you have any questions, please contact Senior Corporate Analyst Edward Rieder in our Northeastern District Office at (212) 790-4055, or me at (202) 874-5060.

Sincerely,

/s/

Robert B. Norris

Bank Organization & Structure