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

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Licensing Operations  
Southern District Office  
1600 Lincoln Plaza  
500 North Akard  
Dallas, Texas 75201-3323

November 20, 2003

**Conditional Approval #614  
December 2003**

Brent H. Baker  
Spokesperson  
First National Bank of Forsyth County (proposed)  
309 Pirkle Ferry Road, Suite A500  
P. O. Box 2669  
Cumming, Georgia 30040

Re: First National Bank of Forsyth County (proposed); Cumming, Georgia;  
CAIS Nos. 2003-SE-01-009 and 2003-SE-05-081

Dear Mr. Baker:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of First National Bank of Forsyth County. On this date, the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements.

This preliminary conditional approval is granted based on a thorough evaluation of all information available to the OCC, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed 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 all pre-opening requirements are met. Until final approval is granted, the OCC has the right to alter, suspend, or revoke this preliminary conditional approval should the OCC deem any interim development to warrant such action.

This approval is subject to the following condition:

The Bank: (i) shall give the Atlanta Field Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations<sup>1</sup> 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. For the first three years of operation, the Bank must also provide a copy of such notice to the FDIC's Atlanta Regional Office.

This condition is a condition "imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 USC §1818. As such, this condition is enforceable under 12 USC §1818.

The Bank's initial paid-in capital, net of organizational and pre-opening expenses, shall be no less than \$8,344,150. The manner in which capital is raised must not deviate from that described in the operating plan without prior 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 extensions, except under the most extenuating circumstances and when the OCC determines that the delay is beyond the applicant's control. The organizers are expected to proceed diligently, consistent with their application, for the Bank to open for business as soon as possible.

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

<u>NAME</u>	<u>POSITION</u>
Andrew K. Walker	President/Chairman of the Board
Richard E. Bell	Chief Financial Officer
Sam R. Story	Senior Loan Officer
Brent H. Baker, Sr.	Secretary/Treasurer, Director
Peter L. Gatti	Director
Carl E. Hansson	Director
John S. Martin, III	Director
Jim P. Meadows	Director
Jackson P. Turner	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.

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<sup>1</sup> If such deviation is the subject of an application filed with the OCC, no separate notice to the Supervisory Office is required.

The "Corporate Organization" 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/group1/public/pdf/corborg.pdf>. The booklet contains all of the steps you must take to receive your charter.

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 this office for our 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.

The OCC also hereby approves your application to establish a branch at 311 Green Street, Gainesville, Georgia 30501, to be known as the First National Bank of Hall County Branch. This approval is granted based on a thorough review of all information available, including representations and commitments made in the application and by the bank's representatives. The branch may not open until the bank has received final approval from the OCC to commence business.

If the branch is not opened within 18 months from the date the bank opens for business, the approval automatically terminates, unless the OCC grants an extension. If the branch is subsequently closed, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to 12 U.S.C. 1831r-1.

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/corppaplic.htm>.

The preliminary conditional charter and branch approvals, and the activities and communications by OCC employees in connection with these filings, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the 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.

Brent H. Baker  
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You should direct any questions regarding this preliminary conditional approval to Licensing Analyst Louis Gittleman at (720) 475-7652 or to the undersigned at (214) 720-7052.

Yours truly,

*/s/ Karen H. Bryant*

Karen Bryant  
Licensing Manager

Enclosures: Standard Requirements  
Minimum Policies and Procedures

## Standard Requirements

- For a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position. The proposed person may not assume the position, until the OCC has issued a letter of no objection.

Since this condition is imposed pursuant to the OCC's chartering authority, the OCC is not subject to the 30-day review period imposed by 12 USC 1831i. However, the OCC will process all such notices in a timely manner using the procedures in the "Change in Directors and Senior Executive Officers" booklet.

- Any significant deviations from the original operating plan during the in organization phase, or changes in the organizing group or chief executive officer, must receive prior written approval of the OCC. Significant deviations or changes that have not been approved may be grounds for delaying issuance of the charter or withdrawing preliminary conditional approval (see Significant Changes discussion in the Introduction of the Corporate Organization booklet).
- The OCC requires that, prior to opening, First National Bank of Forsyth County, engage an independent, external auditor to perform an audit according to generally accepted auditing standards of sufficient scope to enable the auditor to render an opinion on the financial statements of the bank (or consolidated holding company), taken as a whole. The audit period shall commence on the date that the organizing group forms a body corporate and may end on any calendar quarter-end no later than 12 months after the bank opens. The OCC expects that such audits will be performed annually for at least three years following commencement of operations. Engagement of an auditor will be verified during the preopening examination (see the "Corporate Organization" booklet).
- Warrants issued to bank organizers must include the following provision:
- *If First National Bank of Forsyth County's (FNB) capital falls below the minimum requirements contained in 12 CFR 3 or below a higher requirement as determined by the OCC, the OCC may direct FNB to require warrant holders to exercise or forfeit their warrants. FNB will notify warrant holders within 45 days from the date the OCC notifies the bank in writing that warrant holders must exercise or forfeit their warrants. FNB will cancel warrants not exercised within 21 days of FNB's notification. FNB has agreed to comply with any OCC request that FNB invoke its right to require warrant holders to exercise or forfeit their warrants under the previous circumstances.*

As a requirement of this approval, First National Bank of Forsyth County, agrees to invoke the "exercise or forfeit" feature at the OCC's request under the previous circumstances.

## Standard Requirements

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- The bank's financial statements must be prepared on an accrual basis according to generally accepted accounting principles.
- The president must serve as a member of the board of directors.
- If the new bank is not opened for business within 18 months from the preliminary approval date, preliminary approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances, and expects that the organizers will proceed, as presented in the application, to take the steps necessary for the bank to open for business as soon as possible.
- All persons who, together with their interests, subscribe to 10 percent or more of the initial stock offering must submit biographical and financial reports for review to the Licensing staff prior to acquisition of their shares. The Licensing staff must have no objection to such persons before they purchase their shares. Subsequent to opening the national bank, requirements of the Change in Bank Control Act (12 USC 1817(j)) will apply. Changes in the composition of members or trustees of a voting trust or voting agreement also may be subject to the requirements of the Change in Bank Control Act.
- Stock certificates must not be issued prior to the date the bank opens for business, but must be issued immediately following the bank's opening.
- The bank must have adequate fidelity insurance covering all persons authorized to collect, receive, or deposit funds from stock subscriptions. The bank must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy. This insurance must be in force from the effective date of the offering circular until the bank opens for business (see the "Corporate Organization" booklet).
- The board of directors must develop written policies and procedures that will guide the bank's operations in a safe and sound manner. Those policies must be completed no later than the date of the applicant's request for a preopening examination. In addition, the board of directors must review and adopt the policies and procedures at its first meeting (see Appendixes, Minimum Policies and Procedures). The board of directors is responsible for regular review and modification of policies and procedures and for assuring continuous compliance with them.

## Standard Requirements

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- Organizational and preopening expenses significantly exceeding those projected in the application, and/or net capital significantly less than that projected in the application, are a basis for revocation of preliminary approval. Capital adequacy is not the sole reason to determine the acceptability of organization costs. The OCC will evaluate the reasonableness of preopening expenses (see the “Corporate Organization” booklet).
- A letter must be submitted to the district office at least 45 days before the bank is scheduled to open, notifying the OCC that all conditions and requirements necessary to receive a national bank charter have been met, requesting a preopening examination, and providing the anticipated opening date.