



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

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

March 2, 2004

**Conditional Approval #628
April 2004**

William C. Wiley
Spokesperson
Chairman & CEO
TransCommunity Bankshares
4235 Innslake Drive
Glen Allen, Virginia 23060

Re: De Novo Charter, Bank of Louisa, National Association, Louisa, VA
CAIS Control No: 2004-SO-01-0001

Dear Mr. Wiley:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Bank of Louisa, National Association (the Bank). On March 2, 2004, the OCC granted preliminary conditional approval of your charter application after a determination that your proposal met certain regulatory and policy requirements. Approval of your request for trust powers and your application to acquire certain assets and assume certain liabilities from the Bank of Powhatan, National Association, Powhatan, Virginia will be submitted under separate cover.

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 Bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for Federal Reserve membership and will obtain 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.

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This preliminary conditional approval is subject to the following condition:

The Bank: (i) shall give the Virginia Field Office at least sixty (60) days prior 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.

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 \$4,770,000.

Final approval will not be granted until and unless the Federal Reserve acts favorably on your application to acquire the Bank. You must furnish the OCC with a copy of all related filings to the Federal Reserve.

As noted in the application, the Bank's main office will temporarily be located at 105 West Main Street, Louisa, Virginia. The Bank's permanent main office will be established at 217 East Main Street, Louisa, Virginia. The main office location is within the boundaries of the Louisa Courthouse Historic District, which may be eligible for listing on the National Register of Historic Places. The land on which the permanent main office building will be constructed is currently held by the Bank's parent holding company, TransCommunity Bankshares, Inc. Upon opening, the Bank will acquire the property and proceed to construct its main office. In establishing the main office, the Bank shall adhere to the design approved by the Virginia Department of Historic Resources (DHR) and, to the extent practicable, comply with the recommendations contained in the DHR's letters dated December 18, 2001 and February 26, 2004. Any changes to the approved plans will need to be communicated to and reviewed by the DHR in advance of implementing the changes.

In addition, the Bank must submit to the OCC for review and approval two independent appraisals that support the arms-length nature of the acquisition of the land. Copies of the appraisals should also be submitted to the FDIC's Atlanta Regional Office.

¹ If such deviation or change is the subject of an application filed with the OCC, no notice to the Supervisory Office is required.

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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>Proposed Position</u>
George D. Yancey	Organizer/Director/President
Dean P. Agee	Organizer/Director
Ethan A. Call	Organizer/Director
Graven W. Craig	Organizer/Director
Richard W. Mayhew	Organizer/Director
Edwin H. Morris, Jr.	Senior Vice President/Senior Lending Officer
David M. Purcell	Organizer/Director
John J. Purcell, Jr.	Organizer/Director/COB
Wallace L. Tingler	Organizer/Director
Elizabeth P. Wilson	Organizer/Director
Harry Manning Woodward, III	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.

In addition, all background checks requested by the OCC have not been received yet from the Internal Revenue Service. While we have decided not to delay action pending receipt of these responses, continued service of the affected individual(s) will be dependent on satisfactory completion of the background investigation process.

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/corporg.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.

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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 pre-opening examination and before the OCC will grant final charter approval:

1. The Bank must submit to the Virginia Field Office for review, 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, see "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: www.occ.treas.gov/netbank/letters.htm.

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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.

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.gov/publications/publications-by-type/licensing-manuals/index-licensing-manuals.html>. You will receive a copy of the *Comptroller's Handbook* that pertain to asset management. The trust officers and staff should become thoroughly familiar with "Fiduciary Activities of National Banks" at 12 CFR 9 (copy enclosed).

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 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.

A separate letter is enclosed requesting your feedback on how we handled the application. We would appreciate your response so we may improve our service. If you have questions, please contact Senior Licensing Analyst Brenda E. McNeese or me at (214) 720-7052. The referenced CAIS control numbers should be included in all correspondence.

Yours truly,

/s/ *Karen H. Bryant*

Karen H. Bryant
Licensing Manager

Enclosures: Minimum Policies and Procedures
 Standard Requirements
 12 C.F.R. § 9
 Survey Letter