

OFFICE OF THRIFT SUPERVISION

APPROVAL OF ORGANIZATION OF A
FEDERAL DE NOVO STOCK SAVINGS BANK

Order No. 2000-103

Date: December 6, 2000

RE: Docket No. 15833

Fourteen organizers (Organizers) have applied to the Office of Thrift Supervision (OTS) to amend the application for permission to organize a Federal de novo stock savings bank to be known as 1st Service Bank, McLean, Virginia (Savings Bank), which the OTS approved by Order No. 99-16, dated April 12, 1999. The application was filed pursuant to Section 5(e) of the Home Owners' Loan Act (HOLA), 12 U.S.C. § 1464(e) and 12 C.F.R. § 552.2-1.

The OTS has considered the application, as amended, under the standards set forth at 12 U.S.C. § 1464(e), and at 12 C.F.R. §§ 543.3 and 552.2-1, and other applicable regulations. In addition, the OTS has considered the digests prepared by the Southeast Regional Office and the Office of Examination and Supervision, and a legal opinion from the Business Transactions Division (collectively, the Staff Memoranda). Also, the OTS has considered the proposed transaction under the Community Reinvestment Act, 12 U.S.C. §§ 2901 et seq., and OTS regulations thereunder at 12 C.F.R. Part 563e, to the extent applicable.

For the reasons set forth in the Staff Memoranda, the OTS has concluded that the organization of the Savings Bank would be in compliance with all applicable statutes and regulations. Accordingly, the amended application (Application) is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (Regional Director):

1. The Organizers must receive all required regulatory approvals prior to the establishment of the Savings Bank with copies of all such approvals submitted to the Regional Director;
2. The organization of the Savings Bank must be completed no later than 120 days after the date of this approval order;
3. On the business day prior to opening for business, the Savings Bank must certify in writing to the Regional Director that no material adverse changes have occurred with respect to the financial condition or operation of the Savings Bank as disclosed in the Application, including but not limited to directors, major shareholders, or the business plan. If additional information having an adverse bearing on any feature of the

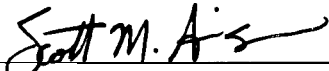
Application is brought to the attention of the Organizers, the Savings Bank or the OTS since the date of the financial statements submitted with the Application, the transaction must not be consummated unless the information is presented to the Regional Director. and the Regional Director provides written non-objection to consummation of the transaction;

4. No later than five days from the date the Savings Bank opens for business, it must file with the Regional Director a certification by legal counsel stating the effective date of the Savings Bank's insurance of accounts and its opening, and that the completion of the establishment of the Savings Bank has been consummated in accordance with the provisions of all applicable laws and regulations, the Application, and this approval order;
5. No later than five days from the date the Savings Bank opens for business. the chief financial officer must provide a reconciliation of capital for the Savings Bank;
6. Within 30 days of the date of this approval order shareholders related to the majority shareholder, who have not previously submitted background information to OTS, must submitted the information to the Regional Director for review and **non-**objection. If any information is disclosed that would cause the OTS to object to an individual's ownership of the Savings Bank's stock, the individual must dispose of the stock immediately;
7. The Savings Bank must submit independent audit reports to the Southeast Regional Office for its first three fiscal years. These reports must be in compliance with the audit rules set forth in 12 C.F.R. Section 562.4;
8. The Savings Bank must operate within the parameters of its business plan. Within 30 days of the end of each calendar quarter, the Savings Bank must furnish the Southeast Regional Office a quarterly variance report detailing the Savings Bank's compliance with the business plan and an explanation of any deviations. The Savings Bank must submit any proposed major deviations or material changes from the business plan for the prior, written non-objection of the Regional Director. The proposed change must be submitted to the Southeast Regional Office, with a copy to the FDIC Regional Office, a minimum of 60 calendar days before the proposed change is implemented;
9. For the first three years of operations, the Savings Bank must submit background information on any proposed new officers or directors or for significant changes in position to the Southeast Regional Office for the prior, written non-objection of the Regional Director; and

10. For the first three years of operations, other than the initial transitional activities disclosed in the Application, the Savings Bank shall not enter into any transactions with affiliates without the prior written non-objection of the Regional Director. The Savings Bank shall submit complete details of the proposed transaction, including any proposed contract or agreement, to the Regional Director at least 30 days prior the planned transaction date.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective
December 6, 2000



Scott M. Albinson
Managing Director
Office of Supervision