OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATIONS FOR PERMISSION TO ORGANIZE A FEDERAL SAVINGS BANK, TRUST POWERS, AND HOLDING COMPANY ACQUISITION

Order No.: 2001-03
Date: February 2, 2001
Re: Docket Nos. H-3606, and 16268

National Advisors Holdings, Inc., Overland Park, Kansas, (the Applicant) has applied to the Office of Thrift Supervision (the OTS), pursuant to 12 U.S.C. §§ 1464(e) and 1467a(e), and 12 C.F.R. §§ 552.2-1 and 574.3, for permission to organize and acquire National Advisors Trust Company, FSB, Overland Park, Kansas (the Savings Bank). In addition, the Savings Bank has applied, pursuant to 12 U.S.C. Section 1464(n) and 12 C.F.R. Part 550, to exercise certain trust powers as described in the application. (The foregoing are collectively referred to herein as the Applications). The Savings Bank will be a member of the Savings Association Insurance Fund.

The OTS has considered the Applications, as supplemented by representations made by the Applicant, under the standards set forth in 12 U.S.C. §§ 1464(e), 1464(n), and 1467a(e), and 12 C.F.R. §§ 543.3, 552.2-1(b), and 574.7, and Part 550, and other applicable statutes and regulations. In addition, the OTS has considered a digest prepared by the OTS Midwest Regional Office (Regional Office), an analysis by the Office of Examination Policy, and a legal opinion by the Business Transactions Division (collectively the Staff Memoranda).

The Applicant requested that the OTS waive the requirements under 12 C.F.R. Sections 543.3(d)(1) and (2), which require that a majority of the Savings Bank’s directors be representative of the state in which the Savings Bank will be located and that not more than one-third of the directorate be in closely related businesses, respectively. For the reasons set forth in the Staff Memoranda, the OTS has concluded that the waiver request meets the standard set forth in 12 C.F.R. Section 500.30(a), and, in particular, that good cause exists to grant the waiver. Therefore, the waiver of the above described requirements of Sections 543.3(d)(1) and (2) is granted.

For the reasons set forth in the Staff Memoranda, the OTS finds that the Applications satisfy all applicable approval standards, (other than those set forth in 12 C.F.R. Sections 543.3(d)(1) and (2)) provided that the following conditions are complied with in a manner satisfactory to the Midwest Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:
1. The Applicant and the Savings Bank must receive all required regulatory and shareholder approvals for the proposed transaction and submit copies of all such approvals to the Regional Director prior to consummation of the proposed transaction;

2. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order;

3. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicant and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicant and the Savings Bank, respectively, as disclosed in the Applications, including but not limited to directors, shareholders, or the business plan. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the Applicant, the Savings Bank, or the OTS since the date of the financial statements submitted with the Applications, 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. The Applicant and the Savings Bank must advise the Regional Director in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction, and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, the Applicant's commitments, and this Order;

5. The Savings Bank must operate within the parameters of its business plan. The Applicant and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Applicants), for the prior, written non-objection of the Regional Director. The request for change must be submitted minimum of 60 calendar days before the proposed change is implemented, with a copy to the FDIC Regional Office;

6. The Savings Bank must submit annual independent audit reports to the Regional Director for its first three fiscal years. These reports must comply with the audit rules set forth at 12 C.F.R. § 562.4;

7. For the first eighteen months of operation, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to the OTS for review, must be provided to the Regional Director at least 30 calendar days prior to execution and the Savings Bank must receive his written non-objection prior to implementation. In addition, the Savings Bank must fully document its justifications for using any affiliated service providers. The documentation should support the Savings Bank's assessment that the use of the affiliate is in the best interests of the trust customers;
Within 30 days after each calendar quarter, the Savings Bank must submit to the Regional Director quarterly activity reports on the number and type of trust accounts serviced, the total asset values of these accounts, and the minutes of the meetings of the Savings Bank's Trust Management Committee;

Prior to engaging in any business activity other than that authorized pursuant to section 5(n) of the HOLA, the Savings Bank must apply to the OTS and receive approval of its application to engage in such business activity. The OTS will consider any such application under the standards required of a new federal thrift charter which are set forth at section 5(e) of the HOLA and OTS regulations thereunder, and under the Community Reinvestment Act and OTS regulations thereunder at 12 C.F.R. § 563e.29. Any such application may be subject to the public notice and comment procedures set forth at 12 C.F.R. Part 516, Subparts B and C;

Prior to commencement of operations, the Savings Bank must employ, subject to receipt of the written non-objection of the Regional Director, the Vice President for Trust Investment Services. Also, for a period of two years following the consummation date of the proposed transaction, the Savings Bank must receive the prior written non-objection of the Regional Director for any new senior officer or director;

At least 30 days prior to engaging any third party to conduct a fiduciary activity on behalf of the Savings Bank, the Savings Bank shall (a) document the rationale and criteria for selecting the third party to conduct the activity, which documentation shall be available to OTS upon request and (b) during the first eighteen months of operation, the Savings Bank shall submit to the OTS for review and non-objection by the Regional Director all written agreements with third party providers;

Prior to commencement of operations, the Applicant must provide at least $4.0 million in capital to the Savings Bank, in connection with its organization as described in the Applications;

Prior to the establishment of the Savings Bank's transactional web site, the Savings Bank must file a notice with the OTS pursuant to 12 C.F.R. § 555.310. A transactional web site includes sites that allow the Savings Bank or its customers to obtain their account balances.

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

By order of the Director of the Office of Thrift Supervision, or her designee, effective February 2, 2001.

Scott M. Albinson
Managing Director
Office of Supervision