

OFFICE OF THRIFT SUPERVISION

Approval of Applications for Permission to Organize a Federal Savings Bank, Holding Company Acquisition and Branch Office

Order No.: 2005-32

Date: August 18, 2005

Re: OTS Nos. 17991 and H-4147

Several individuals (Organizers) and Partners Financial Corporation, Naples, Florida (Holding Company) (collectively, the Applicants), have applied for approval of the Office of Thrift Supervision (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 to acquire Partners Bank, Naples, Florida (Savings Bank). In addition, the Applicants have filed an application to establish a branch office, pursuant to 12 C.F.R. §§ 545.92 and 545.95. (Collectively, the foregoing filings are referred to herein as the Applications.)

The Parties

The Holding Company and the Savings Bank are proposed to be organized by: Ralph Abercia, James E. Boughton, Jerome J. Bushman, Jack J. Crifasi, Jr., Howard F. Crossman, Jr., John M. DeAngelis, Sam F. Hamra, John V. Hoey, III, J. David Huber, Samuel J. Saad, Jr., Steven M. Watt, James S. Weaver, David R. White, and John G. Wolf.

The Savings Bank will be organized as a federally chartered, Savings Association Insurance Fund (SAIF)-insured, stock savings bank and will be a full service federal savings bank.

The Holding Company, a Florida corporation, is a shell holding company, organized for the purpose of becoming the holding company for the Savings Bank.

The Proposed Transaction

The Holding Company proposes to establish and operate a de novo federal stock savings association, the Savings Bank. The Holding Company is conducting an initial public offering of 1,500,000 units, each consisting of one share of the Holding Company's common stock and one warrant (Offering Warrant) to purchase an additional share of the Holding Company's common stock, in order to capitalize the Savings Bank.

The Savings Bank proposes to operate from two locations in Naples, Florida. The Savings Bank will be capitalized with \$9 million of the proceeds from the Holding Company's stock offering. In the event the gross proceeds of the offering are less than \$12 million, but more than \$10 million, the Organizers have agreed to exercise sufficient Offering Warrants within the first full year following the opening of the Savings Bank to

provide an aggregate amount of funds equal to the difference between \$12 million and the aggregate purchase price of the subscriptions received prior to the exercise of the Offering Warrants.

Permission to Organize Application

The Home Owners' Loan Act (HOLA) provides that OTS may grant a federal savings association charter only: (i) to persons of good character and responsibility; (ii) if, in OTS' judgment, a necessity exists for such association in the community to be served; (iii) if there is a reasonable probability for the association's usefulness and success; and (iv) if the association can be established without undue injury to properly conducted existing local thrift and home financing institutions. OTS regulations implementing the HOLA include the same standards, with the additional requirement that OTS consider whether the association will promote credit for housing consistent with the safe and sound operation of a federal savings association.

In addition, OTS regulations regarding the establishment of de novo federal savings associations set forth standards OTS considers in granting a de novo federal charter, regarding: (i) initial capitalization of a federal association; and (ii) the residence and composition of an association's board of directors.

Further, 12 C.F.R. § 563e.29(b) provides that an applicant for a federal thrift charter must submit with its application a description of how it will meet its Community Reinvestment Act (CRA) objectives. OTS takes this description into account when considering an application and may deny an application or condition approval on CRA grounds.

OTS has conducted background checks of the Organizers and has reviewed the relevant information submitted in the application. The proposed Chief Executive Officer and President, Chief Financial Officer and Senior Lending Officer of the Savings Bank have extensive banking and financial industry experience. The application materials indicate that the proposed board of directors possesses experience in various business endeavors. Based on the relevant information, OTS concludes that the character and responsibility of the Organizers, directors and senior executive officers of the Holding Company and Savings Bank are consistent with approval of the application.

The Savings Bank will focus its deposit taking and lending in its primary service area, defined as the city of Naples, Florida, located in Collier County, with a five-mile radius around its proposed headquarters location, and in its secondary service area, defined as the rest of Collier County and southern portion of Lee County, Florida. Demographic information provided in the application indicates that the population of Collier County has increased by 18.02 percent since 2000. Between June 2001 and June 2004, deposits at all financial institution offices in Collier County grew 57.8 percent. Deposits in Lee County increased by 34 percent during the same time period. Fueled by a fast-growing population, Collier County's labor force has grown by 34 percent in the

past five years. Thus, we conclude that there is a necessity in the community for the Savings Bank.

With respect to undue injury to local thrift and home financing institutions, the Savings Bank will provide new competition in the local market, and may take some business from existing institutions, but those institutions generally are much larger banks with more financial resources and higher loans-to-one borrower limits than the Savings Bank. In addition, the Savings Bank's projected level of deposits will constitute approximately one percent of the Collier County market and less than one percent of the Lee County market. OTS received no comments opposing the application in response to the public notice. Therefore, we conclude that the Savings Bank will not have an adverse impact on local thrift and home financing institutions in the geographic area where its customers will be located.

With respect to the probability of the Savings Bank's usefulness and success, the Savings Bank will be well capitalized and the Savings Bank's business plan is reasonable. The Savings Bank's proposed officers have considerable experience, and its directors' character and responsibility are consistent with approval of the application. In addition, approval of the application will be subject to a number of conditions designed to help ensure that there is a reasonable probability of the Savings Bank's usefulness and success. Conditions 5 through 7 below are designed to help ensure compliance with the business plan included in the application, that changes to or from that plan would not be detrimental to the Savings Bank, and that the Savings Bank operates pursuant to appropriate policies and procedures. OTS is imposing conditions 9 through 11 below to ensure compliance with regulatory provisions and policies concerning related persons or affiliated entities. Also, OTS is imposing conditions 8 and 14 below to enable OTS to confirm that the Savings Bank will be operated properly and by qualified personnel. OTS is requiring condition 13 below to ensure that the office construction does not have a material adverse effect on the Savings Bank's resources and OTS is imposing condition 12 below to ensure compliance with policies relating to stock options.

Based on the foregoing analysis, OTS concludes that the probability of the Savings Bank's usefulness and success is consistent with approval, subject to the imposition of the conditions, which are intended to help ensure the probability of the Savings Bank's usefulness and success.

The Savings Bank's business plan projects substantial residential mortgage lending and that the Savings Bank will meet Qualified Thrift Lender requirements. The Savings Bank will have experienced management, and appropriate procedures regarding lending will be in place. Accordingly, we conclude that the Savings Bank will provide credit for housing consistent with the safe and sound operation of a federal savings association.

OTS received no public comments objecting to the application. In addition, OTS has reviewed the Savings Bank's CRA statement and has found it to be acceptable. The

Savings Bank's CRA assessment area includes all of Collier County, Florida, as well as the census tracts in southern Lee County, Florida, that are contiguous with Collier County. We find that the Savings Bank has made a satisfactory showing that it will satisfy the requirements for the CRA and OTS' implementing regulations.

The Savings Bank intends to adopt a federal charter and bylaws that conform to the model charter and bylaws for a federal stock savings association. The Savings Bank will have an initial capitalization that exceeds the minimum regulatory requirement. In addition, the composition of the Savings Bank's board of directors will comply with 12 C.F.R. § 543.3(d), because a majority of the Savings Bank's directors live or work in Florida and the Savings Bank's board of directors will be made up of persons with varied backgrounds. Because the Savings Bank will be owned by a holding company that does not have substantial independent economic significance, as provided under 12 C.F.R. § 543.3(d), we reviewed the Holding Company's board and have determined that the Holding Company's board of directors will be made up of persons with varied backgrounds and no more than one-third of the Holding Company's directors are in related businesses.

Holding Company Application

Section 10(e)(1)(B) of the HOLA and the Acquisition of Control Regulations thereunder provide that OTS must approve a proposed acquisition of a savings association by a company, other than a savings and loan holding company, unless OTS finds that the financial and managerial resources and future prospects of the company and association involved would be detrimental to the association or the insurance risk of the SAIF. OTS must also consider the impact of the acquisition on competition. Finally, OTS must take into account assessments under the CRA when considering holding company applications.

For the reasons set forth above, OTS concludes that the managerial resources of the Holding Company and the Savings Bank are satisfactory, subject to the conditions regarding management and the board of directors.

With regard to financial resources, OTS reviewed the Holding Company's financial position and the Savings Bank's proposed capitalization and business plan. The Holding Company has demonstrated adequate resources. The application projects that the Savings Bank will meet all of its capital requirements and will be well capitalized under the OTS prompt corrective action regulation throughout the first three years of operation. Based on the foregoing, OTS concludes that the financial resources of the Holding Company and the Savings Bank are consistent with approval of the holding company application.

Based on the factors considered in the above discussions regarding the managerial and financial resources of the Holding Company and the Savings Bank, the character and responsibility of the officers and directors of each entity, and the probability of the

Savings Bank's usefulness and success, OTS concludes that the future prospects of the Holding Company and the Savings Bank are consistent with approval, and will not pose undue risk to the SAIF, subject to the imposition of the conditions discussed above.

The transaction will not result in any currently operating, unaffiliated depository institutions becoming affiliated. Accordingly, OTS finds no basis for objection to the transaction on anti-competitive grounds.

With respect to the Holding Company's performance under the CRA, the Holding Company has not been subject to the CRA. Accordingly, OTS concludes that there is not any basis for objection to the holding company application based on CRA grounds.

Branch Office Application

Pursuant to 12 C.F.R. §§ 545.92 and 545.95, a branch office application has been submitted for the establishment of the branch office, which will be located at 3021 Airport Pulling Road, Naples, Florida. Under 12 C.F.R. § 545.95, OTS approves a branching application only if the overall policies, condition and operations of the savings association afford no basis for supervisory objection and the proposed branch will open within twelve months of approval. Pursuant to 12 C.F.R. § 545.95(b), the Savings Bank will exceed the minimum capital requirements and OTS' evaluation of the Savings Bank's proposed CRA plan indicates that it will fulfill its obligation of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods. OTS has concluded that the Savings Bank's policies, condition and operations are consistent with approval of the branch office application, and that the proposed branching is consistent with applicable regulations.

Conclusion

OTS finds that the Applications satisfy the applicable approval standards, provided the following conditions are complied with in a manner satisfactory to the Southeast Regional Director, or his designee (Regional Director). Accordingly, the Applications are hereby approved, subject to the following conditions:

1. The Savings Bank must receive all required regulatory approvals, 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 120 calendar days from the date of this Order;
 3. On the business day prior to the consummation of the proposed transaction, the chief financial officer of the Savings Bank and the Holding Company 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 or the Holding
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Company as disclosed in the Applications. If additional information having a material adverse bearing on any feature of the Applications is brought to the attention of the Savings Bank, the Holding Company or 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;

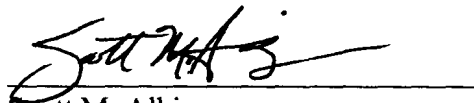
4. The Savings Bank must, within 5 calendar days after the effective date of the proposed transaction: (a) advise the Regional Director in writing of the effective date of the transaction and of the Savings Bank's insurance of accounts; (b) advise the Regional Director in writing that the transaction was consummated in accordance with all applicable laws and regulations, the Applications, and this Order; and (c) provide a reconciliation of the Savings Bank's capital to the Regional Director;
5. The Savings Bank must submit independent audit reports to the Regional Director for its first three fiscal years of operations. These reports must be in compliance with the audit rules set forth at 12 C.F.R. § 562.4;
6. The Savings Bank must operate within the parameters of its three-year business plan. The Savings Bank must submit for the prior, written non-objection of the Regional Director, any proposed major deviations or material changes from the plan. The request for change must be submitted no later than 60 calendar days prior to the desired implementation date with a copy sent to the FDIC Regional Office;
7. For three years following commencement of operations, the Savings Bank must submit to the Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing the Savings Bank's compliance with the business plan and an explanation of any deviations;
8. For two years following commencement of operations, the Savings Bank must receive the prior written non-objection of the Regional Director for any proposed new directors or senior executive officers or any significant change in responsibilities of any senior executive officer;
9. During the first eighteen months of operations, any contracts or agreements pertaining to transactions with affiliates and related interests of affiliated persons as defined in 12 C.F.R. § 561.5(d) of the Savings Bank and the Holding Company, not yet submitted to OTS for review, must be provided to the Regional Director at least 30 calendar days prior to their planned execution and receive his written non-objection prior to their implementation;
10. Within 30 days after commencing operations, the Holding Company must provide to the Regional Director a list of shareholders, including names, addresses, number of shares owned, and the percentage of total shares owned. Any individuals presumed

to be acting in concert and, based on such presumptions, acquiring more than 10 percent of the Holding Company's common stock, pursuant to 12 C.F.R. § 574.4 must provide such information as the Regional Director may require and obtain his nonobjection prior to the close of the offering;

11. The Savings Bank and the Holding Company will obtain an independent appraisal to confirm that the terms of the lease with the limited liability corporation established by eight of the Organizers and the wife of an Organizer, are at least as favorable as those that could be obtained from an unrelated third party. The appraisal must be submitted to the Regional Director for review and non-objection prior to execution of the lease agreement;
12. Prior to implementation of the stock option plan (SOP), the Holding Company must submit the final SOP the Regional Director and obtain his written nonobjection;
13. With respect to the expenses associated with the construction of the Savings Bank's future main office located at 3021 Airport Pulling Road, Naples, Florida, the Savings Bank and the Holding Company must obtain advance approval from the Regional Director for increases in construction costs exceeding 20 percent of the estimate contained in the Applications; and
14. Within 30 calendar days after commencing operations, the Savings Bank must identify the proposed Compliance officer who will be responsible for the Savings Bank's compliance function and submit biographical information to the Regional Director for any individual so appointed for which such information was not previously provided in connection with the Applications.

The Regional Director may, for good cause, extend any time period set forth herein for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or his designee, effective August 18, 2005.



Scott M. Albinson
Managing Director
Office of Examinations, Supervision and Consumer
Protection