



Comptroller of the Currency
Administrator of National Banks

Southeastern District
Marquis One Tower, Suite 600
245 Peachtree Center Ave., N.E.
Atlanta, Georgia 30303

Conditional Approval #557
November 2002

October 3, 2002

Sam F. Grigsby, Jr.
Spokesperson
Community National Bank of Lakeway Area (proposed)
221 East Main Street
Morristown, Tennessee 37816

Subject: Community National Bank of Lakeway Area (proposed)
Morristown, Tennessee CAIS Nos. 2002-SE-01-008 and 2002-SE-05-084

Dear Mr. Grigsby:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of **Community National Bank of the Lakeway Area**. On this date, after a thorough evaluation of all data available to the OCC, we found your proposal met the requirements for conditional preliminary approval.

This conditional approval is granted based on a thorough review of all information available, including the representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

Final approval will be subject to the condition that the bank must notify the Nashville Field Office at least sixty (60) days prior to any proposed significant deviation or change from the proposed operating or business plan and obtain the OCC's nonobjection before any significant deviation or change occurs. The bank also must provide a copy of such notice to the FDIC's Atlanta regional supervisory office.

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The conditions of this approval are conditions “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, the conditions are enforceable under 12 USC 1818.

Until final approval is granted, the OCC has the right to alter, suspend, or revoke preliminary approval should any interim development be deemed by the OCC to warrant such action.

The Bank’s initial paid-in capital, net of organizational and pre-opening expenses, shall be no less than \$7,203,000. 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 new Bank is not raised within 12 months or if the new Bank is not opened for business within 18 months from the preliminary conditional approval date, the OCC will withdraw approval. 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.

Please refer to the “Corporate Organization” booklet (enclosed) in the *Comptroller’s Corporate Manual* for the instructions on organizing your bank. 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 acceptable Articles of Association and the Organization Certificate to this office. As a “body corporate” or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

After reading the instructions for the organization of a new bank, it is suggested that the spokesperson or a designated correspondent visit or call this Office to discuss the organizing process. We feel such a discussion can save time and prevent some of the pitfalls that have delayed or prevented other banks from opening.

Enclosed with this letter are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation.

The OCC poses no objection to the following persons serving as designated senior executive officers and/or directors. Any additional executive officers are subject to the prior review and clearance of the OCC.

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<u>NAME</u>	<u>POSITION</u>
Sam D. Grigsby, Jr.	Chairman of the Board and Chief Executive Officer
Charles A. Hughes	President
Darwin K. Kilday	Chief Financial Officer
M. Edward Stiner	Regional President, Jefferson City
Steven Adams	Director
Ronald Ailey	Director
Mary M. Briggs	Director
Jerry Cranford	Director
Uriel Edde, Jr.	Director
Jackie Fannin	Director
Miller Price	Director
Claude Royston	Director
Walter Taylor	Director
Eric Ward	Director
Donald Watson	Director

An August 2002 Supplement to the *Comptroller's Licensing Manual* includes a policy statement that the OCC is likely to consider an organizing group's banking experience satisfactory if at least a quarter of the bank's outside directors (i.e., directors who are not senior executive officers) have recent experience as directors or executive officers of a well-run financial institution. In your bank's situation, only proposed outside directors Maudie Briggs and Jerry Cranford have such experience. We encourage you to seek one or two additional directors with recent banking experience to enhance the board's composition of outside directors. We also understand that the organizers are actively engaged in obtaining director education for all directors. The OCC encourages such efforts.

You are also reminded that 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 OCC also hereby approves your application to establish a branch at **156 East Broadway Boulevard, Jefferson City, Tennessee 37760**, to be known as the **Jefferson City 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.

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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.

The preliminary charter and branch approvals, 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 an 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.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

You should direct any questions regarding this preliminary approval to Senior Licensing Analyst Louis Gittleman at (404) 588-4525.

Sincerely,

-signed-

John O. Stein
Licensing Manager

Enclosures: Standard Requirements
"Corporate Organization" Booklet
Minimum Policies and Procedures