

OFFICE OF THRIFT SUPERVISION

Approval of Service Corporation Application

Order No.: 97-123

Date: December 2, 1997

Bay-Vanguard Federal Savings Bank, Baltimore, Maryland, (the "Savings Bank"), has applied to the Office of Thrift Supervision ("OTS"), pursuant to 12 C.F.R. § 559.11, to establish a service corporation, BV Services, Inc. (the "Service Corporation"), to engage in Internet banking and to offer Internet access to customers and the general public as an Internet service provider (the "application").

The OTS has considered the application under the standards set forth in 12 C.F.R. Part 559. In addition, the OTS has considered the digest by the OTS Southeast Regional Office, a legal opinion by the Business Transactions Division and an analysis by Corporate Activities (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS has determined that the application satisfies all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the application is hereby approved, subject to the following conditions:

1. The Savings Bank and the Service Corporation shall operate within the parameters of the business plans submitted in the application. Any major deviations or material changes from the business plans shall be submitted to the Southeast Regional Director, or his designee, for prior approval;
2. The Savings Bank shall not artificially create excess capacity by acquiring equipment and facilities whose capacity is substantially greater than that necessary to accommodate the Savings Bank's present or expected needs for providing Internet services;
3. The Service Corporation's non-Savings Bank customers shall be limited to no more than 50% of the Service Corporation's customers for Internet services; and
4. To monitor the operations and security of the Service Corporation, the Savings Bank shall submit information to the Southeast Regional Director, or his designee, when requested.

By order of the Director of the Office of Thrift Supervision,
or her designee, effective December 2, 1997.


John F. Downey
Executive Director, Supervision