



Comptroller of the Currency
Administrator of National Banks

Midwestern District Office
2345 Grand Boulevard, Suite 700
Kansas City, MO 64108

May 17, 2001

Conditional Approval #470
June 2001

Mr. Clark Baldwin
Spokesperson
P.O. Box 129
Alexandria, Minnesota 56308

RE: Application for De Novo Charter
Neighborhood National Bank, Alexandria, Minnesota
CAIS Control No. 2001-MW-01-002

Dear Mr. Baldwin:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of Neighborhood National Bank. On this date, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

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. **This conditional approval is also based on the bank's commitment of having a qualified lender and operations officer hired prior to the bank opening.** We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

This approval is subject to the condition that the bank shall obtain the OCC's non-objection before any significant deviation or change from the proposed operating plan occurs during the bank's first three years of operations. The bank shall notify the OCC's North Dakota and Northwestern Minnesota Field Office at least sixty (60) days prior to any proposed significant deviation or change, and obtain the OCC's non-objection in writing, to such a proposed deviation or change. The bank must also provide a copy of such notice to the Kansas City Regional Office of the FDIC.

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.

This conditional approval, 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 bank's initial paid-in capital, net of organizational and preopening expenses, shall be no less than \$3 million. 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.

This is preliminary conditional approval only. Final approval will not be granted until and unless the Federal Reserve Board acts favorably on your application with them to acquire this new bank. You must furnish the OCC's Midwestern District Office with a copy of all related filings to the Federal Reserve, including registration material.

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.

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.

Enclosed 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. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

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The OCC poses no objection to Clark J. Baldwin serving as President/Chief Executive Officer. All other executive officers are subject to the OCC's prior review and clearance.

The OCC poses no objection to Clark J. Baldwin, Patrick F. Gorham, Jon P. Gorham, Gordie R. Billmark, and Carl August Herman Felt serving as directors. All other directors are subject to the OCC's prior review and clearance.

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

You should direct any questions concerning this preliminary conditional approval to Licensing Specialist Judith A. Bollig at (816) 556-1860.

Sincerely,

-signed-

Ellen Tanner Shepherd
Licensing Manager

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