

702 Application for a Certificate of Public Convenience and Advantage for a Limited Purpose Trust Company Pursuant to Subchapter V of Chapter 7 of Title 5 of the Delaware Code

Formerly Regulation No.: 5.777.0002

Effective Date: January 12, 1998

Any application made to the State Bank Commissioner for a Certificate of Public Convenience and Advantage for a Limited Purpose Trust Company, pursuant to Subchapter V of Chapter 7 of Title 5 of the **Delaware Code**, shall be in the form appended hereto and shall be accompanied by any documents called for by such form, a copy of the Articles of Association of the Proposed Limited Purpose Trust Company, and a non-refundable investigation fee of One Thousand One Hundred Fifty Dollars (\$1,150.00). Procedures for an application to form a limited purpose trust company are specified in regulation 701 (formerly 5.701/774.0001).

See 1 DE Reg. 859 (1/1/98)

I. FINANCIAL INFORMATION

A. PRO FORMA STATEMENT OF CONDITION - BEGINNING OF BUSINESS

ASSETS		LIABILITIES AND CAPITAL	
Description	AMOUNT	Description	AMOUNT
Cash		LIABILITIES	
Securities			
Loans			
Premises		TOTAL LIABILITIES	
Furniture, fixtures and equipment		CAPITAL AND SURPLUS	
Other assets			
Net organization expense (Same as 1E)		Total Capital Accounts (Same as II)	
TOTAL ASSETS		TOTAL LIABILITIES AND CAPITAL	

B. PREMISES TO BE OCCUPIED BY THE LIMITED PURPOSE TRUST COMPANY

DESCRIPTION OF PREMISES

Copies of any lease should be submitted for the confidential use of the State Bank Commissioner. Except where State law obviates the need, a clause similar to the following should be incorporated in all leases drawn for a term exceeding one year in connection with this application:

“Notwithstanding any other provisions contained in this lease, in the event the Lessee is closed or taken over by the banking authority of the State of Delaware, or other bank supervisory authority, the Lessor may terminate the lease only with the concurrence of such banking authority or other bank supervisory authority, and any such authority shall in any event have the election either to continue or to terminate the lease. Provided, that in the event this lease is terminated, the maximum claim of Lessor for damages or indemnity for injury resulting from the rejection or abandonment of the unexpired term of the lease shall in no event be in an amount exceeding the rent reserved by the lease, without acceleration, for the year next succeeding the date of the surrender of the premises to the Lessor, or the date of re-entry of the Lessor, whichever first occurs, whether before or after the closing of the bank, plus an amount equal to the unpaid rent accrued, without acceleration up to such date.”

I. FINANCIAL INFORMATION (Continued)

D. FULL DISCLOSURE OF INSIDER TRANSACTIONS

Full disclosure will be required in writing to all directors and shareholders concerning all insider transactions including fixed asset involvements and attorney, consultant and similar fees in excess of \$5,000. If such disclosure has been made, attach a copy thereof, indicate to whom the disclosure was made, and the date of such disclosure. If disclosure has not been made, indicate plans in this regard.

I. FINANCIAL INFORMATION (Continued)

E. ORGANIZATION EXPENSES

INSTRUCTIONS: List all expenses related to the organization of the limited purpose trust company. Include all expenses paid, additional costs anticipated prior to the opening date, and any expenses for work performed during the organization phases for which disbursement has been deferred beyond the opening date.

IMPORTANT: If legal or other fees appear to be excessive in volume or amount, supportive documentation will be required.

NAME OF RECIPIENT	ASSOCIATION WITH LIMITED PURPOSE TRUST COMPANY			TYPE OF RELATIONSHIP (Specify Director, Officer, 5% stockholder, or their relatives. Designate any business interests of the aforementioned)	AMOUNT
	Mark appropriate column				
	Direct	Indirect	None		
Attorney Fees					
1. TOTAL ATTORNEY FEES					
Consultant Fees:					
2. TOTAL CONSULTANT FEES					
3. TOTAL PRE-OPENING SALARIES					
4. TOTAL PRE-OPENING TRAVEL AND ENTERTAINMENT					
5. TOTAL APPLICATION AND INVESTIGATION FEES					
Other Expenses: (Describe in detail any item in excess of \$1,000)					
6. TOTAL OTHER EXPENSES					
Total Organization Expenses (Sum of lines 1 thru 6 above)					
Pre-opening income					
NET TOTAL					

DESCRIBE SOURCE OF PRE-OPENING INCOME

DESCRIBE HOW ORGANIZATION EXPENSES WILL BE PAID

F. PREDECESSOR INSTITUTION

INSTRUCTIONS: Set forth below a brief history of the operations of any institution the assets and liabilities of which are to be assumed in whole or part by the Proposed Limited Purpose Trust Company, such institution herein referred to as the Predecessor Institution. This history should include the date of organization and full information on any mergers, consolidations, conversions, reorganizations, recapitalization programs, guaranties or guaranty bonds executed, capital contributions, liability assumptions, subordinations of claim, and so forth, which have occurred during the past ten years.

II. ADEQUACY OF THE CAPITAL STRUCTURE

PROPOSED PAID-IN CAPITAL STRUCTURE

IMPORTANT: Upon organization, the proposed limited purpose trust company will not refinance, directly or indirectly, any loan, advance, or credit extension originally made by an existing financial institution, or others, to any subscriber or shareholder for the purpose of obtaining funds to purchase stock in the proposed limited purpose trust company.

DESCRIPTION	AMOUNT
Common capital (no. of shares @ par value)	
Surplus	
Organization expense fund	
Other capital segregations	
TOTAL	
	SALE PRICE PER SHARE

LIST AMOUNTS AND RECIPIENTS OF ANY FEES OR COMMISSIONS IN CONNECTION WITH THE SALE OF STOCK

NOTE: Attach a copy of the stock subscription form which will be used in connection with the issuance of capital stock. A substantially complete list of stock subscribers will have to be submitted before the application can be processed.

III. FUTURE EARNINGS PROSPECTS

The prospective incorporators are of the opinion that within a reasonable period after commencement of business, the earnings of the proposed limited purpose trust company will be sufficient to cover all operating expenses, losses and charge-offs and to provide a reasonable return to shareholders.

ESTIMATED INCOME AND EXPENSES

INSTRUCTIONS: Describe in Comments below or in the CONFIDENTIAL SECTION the assumption on which the estimated income and the expense estimates are based.

DESCRIPTION	ESTIMATED AMOUNT		
	First Year	Second Year	Third Year
Gross Income			
EXPENSES			
1. Salaries and benefits			
2. Interest			
3. Net occupancy expense (details below)			
4. Furniture and equipment (depreciation, rental, maintenance, etc.)			
5. Provision for loan losses			
6. Other operating expenses:			
Advertising			
Telephone			
Legal			
Postage			
Computer services			
Directors' fees			
Assessments by regulatory authorities			
Miscellaneous			
7. Net organization expenses (1st year only. Should agree with 1E).			
TOTAL ESTIMATED EXPENSES			
ESTIMATED NET PROFIT OR (LOSS)			
OCCUPANCY EXPENSE:			
Rent			
Depreciation			
Repairs			
Maintenance (including building staff salaries)			
Insurance			
Taxes on real estate			
Utilities (heat, light, power, etc.)			
Other occupancy cost			
TOTAL OCCUPANCY EXPENSES			
Less: Rental Income			
Net occupancy cost (should agree with line 3 above)			

NOTE: The above schedule should be completed on the basis of utilization of an accrual accounting system of bookkeeping which the applicant agrees to adopt.

COMMENTS

IV. GENERAL CHARACTER OF THE MANAGEMENT (Continued)

DISCUSS CHANGES CONTEMPLATED IN THE PROPOSED DIRECTORATE OR ACTIVE MANAGEMENT DURING THE FIRST YEAR (If none, so state)

IMPORTANT: Prompt written notification must be given to the State Bank Commissioner if changes in the directorate, active management, or in the ownership of 5% or more of the common stock are made or planned prior to opening or within the first three years of the limited purpose trust company's operation. The notification should include the original cost and subsequent sales price of any such stock which changes ownership.

B. COMMITTEES

TRUST

NAMES OF MEMBERS	DUTIES

INVESTMENT

NAMES OF MEMBERS	DUTIES

AUDIT

NAMES OF MEMBERS	DUTIES

C. FIDELITY COVERAGE

The applicant limited purpose trust company will at all times maintain sufficient surety bond coverage on its active officers and employees to conform with generally accepted administrative practices and will at all times maintain an excess employee dishonesty bond in the amount of \$1,000,000 or more.

D. REPRESENTATIONS

1. Are the prospective incorporators acting as representative of or on behalf of any other person, partnership, association or corporation?
Yes No (If Yes, explain in Comments below.)

2. Are the prospective incorporators, directly or indirectly, party to any written or oral agreement or understanding providing for sale of the assets of the proposed limited purpose trust company to, or merging or consolidating the proposed limited purpose trust company with, any other financial institution?
Yes No (If Yes, explain in Comments below.)

COMMENTS

V. PUBLIC CONVENIENCE AND ADVANTAGE

INSTRUCTIONS: The proponents are responsible for developing the Legal factor Public Convenience and Advantage in a way which clearly shows the economic support and justification for the Proposed Limited Purpose Trust Company. Submit such data that you feel is relevant to the proposal. Such information submitted in support of your application will be included in the public file.

APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY - CONFIDENTIAL SECTION

In preparing your application, keep in mind that the State Bank Commissioner deems that public policy warrants making all information submitted to him in connection with this application available for public review, unless it qualifies for confidential treatment under 29 Del. C. §§ 10002(d), 10112(b)(4), and Superior Court Rule of Civil Procedure 26(c)(7). The Commissioner has determined that trade secrets, proprietary information and confidential financial information useful to applicant in its business will ordinarily qualify for such protection.

However, specific determinations of the question of confidentiality and non-disclosure rests in the first instance in the discretion of the Commissioner and the specific information you include in the following section may be available for public review in the discretion of the Commissioner.

I. FINANCIAL INFORMATION

OUTLINE BELOW INFORMATION WITH REGARD TO FIXED ASSETS WHICH YOU BELIEVE, IF DISCLOSED TO THE PUBLIC, WOULD ADVERSELY AFFECT ONGOING NEGOTIATIONS.

OUTLINE BELOW, IN DETAIL, THE BASIS FOR COST ESTIMATES FOR PREMISES SHOWN IN THE PUBLIC SECTION.

IF FIXED ASSETS ARE TO BE PURCHASED FROM A RELATED PARTY, EVIDENCE OF THE REASONABLENESS OF THE COST(S) MUST BE PROVIDED. ATTACH COPIES OF BIDS, INDEPENDENT APPRAISALS AND/OR OTHER SUPPORTING EVIDENCE.

IF AN INSIDER IS A PARTY TO ANY LEASE CONTRACT IN CONNECTION WITH THE APPLICATION, EXPLAIN THE MANNER IN WHICH LEASE PAYMENTS WERE DETERMINED.

III. FUTURE EARNINGS PROSPECTS

ESTIMATE OF SALARIES AND WAGES

Position	First Year	Second Year	Third Year
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OFFICERS

OTHER EMPLOYEES

TOTAL

FEES SCHEDULE

COMMENTS (include other information supporting income and expense estimates reported in the Public Section of this application)

IV. GENERAL CHARACTER OF THE MANAGEMENT

NOTE: Attach financial report and biographical information for each director, each officer and each person owning or subscribing to 5% or more of the total capital.

PROPOSED OFFICERS

NAME	ADDRESS	AGE	OCCUPATION	TITLE

1 Has any proposed director, officer, or employee been convicted of any criminal offense involving dishonesty or a breach of trust? (If Yes, explain in Comments below.)	(Check)	
2. Do stock option plans exist? (If Yes, explain in Comments below.)		
3. If stock option plans exist, has full disclosure been made, in writing, to all shareholders? (NOTE: Include a copy of the disclosure statement with your application.)		
4. Have correspondent bank relationships been established? (If Yes, list below)		

LIST NAMES AND ADDRESSES OF ALL CORRESPONDENT BANKS

5. Are there any agreements with correspondent banks, written or oral, establishing balances required to be maintained by the proposed limited purpose trust company in connection with loans to any director, officer, employee, or 5% stockholder for the purpose of financing the purchase of stock in the proposed limited purpose trust company? (If Yes, explain in Comments below.)	Yes	No	(If Yes, explain in Comments below.)
6. Are bonus, management or director compensation, or other similar plans in effect or anticipated? (If Yes, attach copies.)	Yes	No	(If Yes, attach copies.)

COMMENTS

V. PUBLIC CONVENIENCE AND ADVANTAGE

LIST THE PROPOSED HOURS OF OPERATION FOR THE PROPOSED LIMITED PURPOSE TRUST COMPANY

