

In Re: Frontier Community Bank
Waynesboro, Virginia
Application for Federal Deposit Insurance (Deposit Insurance Fund)

ORDER

The undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the application for Federal deposit insurance for Frontier Community Bank, a proposed new State Member bank to be located at 400 Lou Dewitt Boulevard, Waynesboro, Augusta County, Virginia, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED that the application submitted by Frontier Community Bank for Federal deposit insurance be and is approved subject to the following conditions:

- (1) That beginning paid-in capital funds of not less than \$10,448,450 be provided, of which not less than \$5,224,225 shall be allocated to common capital and not less than \$5,224,225 to surplus;
- (2) That the Tier 1 capital to assets leverage ratio (as defined in the appropriate capital regulation and guidance of the institution's primary federal regulator) will be maintained at not less than eight percent throughout the first three years of operation and that an adequate allowance for loan and lease losses will be provided;
- (3) That any changes in proposed management or proposed ownership (10% or more of stock), including new acquisitions of or subscriptions to 10% or more of the stock, shall be approved by the FDIC prior to opening of the bank;
- (4) That full disclosure has been made to all proposed directors and stockholders of the facts concerning any insider transaction, including the identity of the parties to the transaction and the terms and costs involved (an insider is one who is or is proposed to be a director, officer, or incorporator of an applicant, a shareholder who directly or indirectly controls 10 or more percent of any class of the applicant's outstanding voting stock; or the associates or interests of any such person);
- (5) That the bank shall operate within the parameters of the business plan submitted to the FDIC, and, furthermore, during the first three years of operations, the bank shall notify the Regional Director of the FDIC and the Federal Reserve Bank of Richmond of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (6) That Federal deposit insurance shall not become effective unless and until the applicant has been established as a State Bank (Member of the Federal Reserve System), that it has authority to conduct a banking business, and that its establishment and operation as a bank have been fully approved by the Commonwealth of Virginia Bureau of Financial Institutions;

- (7) That until the bank is established, the Corporation shall have the right to alter, suspend, or withdraw the said commitment should any interim development be deemed to warrant such action; and,
- (8) That if deposit insurance has not become effective within twelve months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire at the end of the said twelve-month period.

Dated at Atlanta, Georgia, this 3^d day of January, 2008.

FEDERAL DEPOSIT INSURANCE CORPORATION

MARK S. SCHMIDT, REGIONAL DIRECTOR

By: _____
Mark S. Schmidt
Regional Director
Atlanta Region