

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: CertusBank, N.A. (Proposed)
Easley, Pickens County, South Carolina

Application for Federal Deposit Insurance

ORDER

The undersigned, acting on behalf of the Board of Directors of the Federal Deposit Insurance Corporation ("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 regarding the application for Federal deposit insurance with membership in the Deposit Insurance Fund for CertusBank, N.A. ("Bank"), a proposed new national bank to be located at 6602 Calhoun Memorial Highway, Easley, South Carolina, and has concluded that the application should be approved.

Accordingly, it is hereby ORDERED, for the reasons set forth in the attached Statement, that the application submitted by the Bank for Federal deposit insurance be, and the same is hereby approved, subject to the following conditions:

1. Initial paid-in-capital funds of not less than \$39,000,000 shall be provided;
2. Federal deposit insurance shall not become effective unless the Bank is the successful bidder for, and subsequently acquires certain assets and assumes deposits and certain other liabilities from the FDIC as receiver for CommunitySouth Bank and Trust, Easley, South Carolina ("CommunitySouth").
3. The Bank shall maintain a Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions ("Policy Statement"), of at least 10 percent upon acquiring CommunitySouth and throughout the first three years of operation.
 - a. After such 3-year period and for so long as the Investors, directly or indirectly, own the Bank, the Bank shall maintain no lower level of capital adequacy than "well capitalized" as defined in the appropriate capital regulations and guidance of the Office of the Comptroller of the Currency ("OCC").
 - b. The Bank shall at all times maintain an adequately funded allowance for loan and lease losses.
 - c. For the purpose of this Order, "Investors" shall include: Walter L. Davis; Milton H. Jones, Jr.; Angela K. Webb; Charles M. Williams, Jr.; Robert L. Wright; Edward J. Brown III; Robert J. Brown; and BlueMountain Capital Management, LLC, King Street Capital Management, L.P., Paulson Management II LLC, and Tricadia Capital Management, LLC, for and on behalf of their respective investing funds and/or entities.

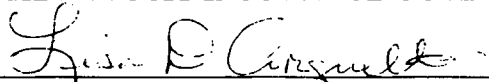
4. The Bank, Blue Ridge Holdings, Inc., and each Investor shall be bound by, and comply with, all applicable provisions of the Policy Statement including, but not limited to, Condition 3 of this Order which provides that the Bank shall maintain Tier 1 common equity to total assets ratio of at least 10 percent upon acquiring CommunitySouth throughout the first three years of operation.
5. Any changes in the proposed management of the Bank or the proposed ownership shall be approved by the appropriate FDIC Regional Director prior to opening.
6. Within 60 days of the date of this Order and at all times thereafter, at least 50 percent of the Bank's Board of Directors shall be independent directors with banking or related financial management expertise. For purposes of this Order, an "independent director" is one that (a) is not a principal, director, member, officer, or employee of the Bank, the Company, or any of the Investors provided that a person who is an outside director of the Company, may serve as an independent director of the Bank, (b) is otherwise "independent of management" within the meaning of 12 C.F.R. Part 363, and (c) has not been otherwise determined by the OCC or FDIC to lack sufficient independence. In each case, service by these individuals on the Bank's Board of Directors will be subject to the prior review and non-objection by the OCC and the appropriate FDIC Regional Director.
7. The Audit Committee of the Bank's Board of Directors shall be comprised of at least three (3) Bank directors, none of whom are officers or employees of the Bank, and all of whom are independent directors.
8. Within 60 days of the commencement of banking operations, the Bank shall have appointed and shall thereafter retain a board of directors and senior executive officers who possess the knowledge, experience, and capability to carry out the responsibilities of those positions in a safe and sound manner. For the purpose of this Order, such senior officers shall include the President and Chief Executive Officer, Chief Credit Officer, Chief Financial Officer, and Chief Operations Officer (or those employees that have duties and responsibilities typical of persons with the foregoing titles).
9. The Bank shall provide to the appropriate FDIC Regional Director, with a copy sent to the OCC, the employment agreements and compensation arrangements (including salary benefits, deferred compensation, stock options or incentives, retention bonuses, and severance payments) for the Bank's senior executive officers, and obtain the prior written non-objection of the appropriate FDIC Regional Director for those agreements and compensation arrangements prior to execution. The compensation for directors and officers shall be reviewed and approved by the Bank's Compensation Committee and shall be comparable to other insured depository institutions of similar size, nature, and complexity. The submission shall include a compensation study or similar documentation to support the reasonableness of the proposed compensation.

10. During the Bank's first three years of operation, the Bank shall obtain the prior written non-objection of the appropriate FDIC Regional Director prior to implementing any stock benefit plan developed by the Bank and not previously reviewed by the FDIC as part of the application for Federal deposit insurance.
11. The Bank shall obtain adequate fidelity coverage prior to the date deposit insurance becomes effective.
12. The Bank shall adopt and maintain an accrual accounting system.
13. Federal deposit insurance shall not become effective until the Bank has been granted a charter, has authority to conduct banking business, and its establishment and operation as a depository institution has been fully approved by the OCC.
14. Federal deposit insurance shall not become effective until each proposed bank holding company has obtained approval of the Board of Governors of the Federal Reserve System to acquire voting stock control of the proposed depository institution prior to its opening for business.
15. The Bank shall submit a detailed, revised Business Plan, including a Community Reinvestment Act plan (required by the OCC within 75 days after the acquisition of a failed insured depository institution from the FDIC as receiver) to the appropriate FDIC Regional Director, and shall obtain the prior written non-objection of the appropriate FDIC Regional Director prior to implementing the revised plan. For three years following the commencement of operations, the Bank shall provide to the appropriate FDIC Regional Director within 45 calendar days after the end of each calendar quarter, a business plan variance report detailing compliance with the revised Business Plan and an explanation of any material deviations.
16. For three years following the commencement of banking operations, the Bank shall provide to the appropriate FDIC Regional Director at least 60 days prior notice of any proposed material changes to the revised Business Plan.
17. The Bank shall provide to the appropriate FDIC Regional Director copies of the monthly reports provided to the FDIC pursuant to any Loss-Share Agreement by and between the FDIC and the Bank.
18. The Bank shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance coverage becomes effective and shall submit to the appropriate FDIC Regional Director (i) a copy of the audited annual financial statements and the independent auditor's report thereon within 90 days after the end of the Bank's fiscal year; (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the Bank; and (iii) written notification within 15 days after a change in the Bank's independent auditor occurs.

19. Full disclosure shall be made to all proposed directors and stockholders of the Bank of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is a person who (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) is a shareholder who directly or indirectly controls 10 percent or more of any class of the Bank's outstanding voting stock; or (iii) an associate or interest of any such person.
20. Until deposit insurance becomes effective, the FDIC retains the right to alter, suspend, or withdraw its approval should an interim development be deemed to warrant such action.
21. If deposit insurance has not become effective within six months from the date of this ORDER, or unless, in the meantime, a request for an extension of time has been approved by the FDIC, this approval shall expire at the end of said six-month period.

Dated at Washington, D.C. this 21st day of January, 2011.

FEDERAL DEPOSIT INSURANCE CORPORATION

By: 

Lisa D. Arquette
Associate Director

Division of Supervision and Consumer Protection

FEDERAL DEPOSIT INSURANCE CORPORATION

In Re: CertusBank, N.A. (Proposed)
Easley, Pickens County, South Carolina

Application for Federal Deposit Insurance

STATEMENT

Pursuant to the provisions of Section 5 of the Federal Deposit Insurance Act ("FDI Act") (12 U.S.C. § 1815), the Federal Deposit Insurance Corporation ("FDIC") received an Interagency Charter and Federal Deposit Insurance Application on behalf of CertusBank, N.A. ("Bank"), a proposed new institution that will be located at 6602 Calhoun Memorial Highway, Easley, South Carolina. The application is intended to establish a newly chartered national bank for the purpose of acquiring certain assets and assuming certain liabilities of CommunitySouth Bank and Trust, Easley, South Carolina ("CommunitySouth"), from the FDIC in its capacity as receiver in a purchase and assumption transaction. The organizers have concurrently applied for a national bank charter and filed a Bank Merger Act application with the Office of the Comptroller of the Currency ("OCC") to facilitate the proposed transaction.

In accordance with FDIC regulations, the deposit insurance application will not be subject to public notice, as the application is in furtherance of a resolution of the failing institution, CommunitySouth. (12 C.F.R. section 303.23(b)). The OCC intends to waive its public notice requirements pursuant to applicable law.

The Bank will be a wholly-owned subsidiary of Blue Ridge Holdings, Inc. (the "Company"), a Delaware corporation organized to become a regulated bank holding company. The Company will be owned by multiple investors, the largest of which are BlueMountain Capital Management, LLC, King Street Capital Management, L.P., Paulson Management II LLC, and Tricadia Capital Management, LLC (collectively, the "Lead Investors"), each of which own up to 9.9 percent of the voting shares of the Company. Capital of \$39,000,000 will be provided by the Company. The Company plans to continue to pursue acquisition opportunities in the financial services industry.

The Company will become a bank holding company given its level of ownership interest of the Bank. In addition, certain of the principal shareholders of the Company, including each of the Lead Investors, have executed passivity and anti-association agreements with the Board of Governors of the Federal Reserve System with respect to their investments in the Company and the Bank.

FDIC Staff analyzed the deposit insurance application based upon the Company and the Bank being the successful bidder. The Company intends to provide the Bank with sufficient capital, funding, and managerial resources to accomplish several strategic priorities. The organizers' long-term strategy is to build a best-in-class super community or mid-sized regional retail and commercial bank in the southeastern part of the United States.

The financial projections show that the Bank will be capitalized with an amount sufficient to achieve a Tier 1 common equity to total assets ratio, as defined in the FDIC's Statement of Policy on Qualifications for Failed Bank Acquisitions, of not less than 10 percent upon acquiring CommunitySouth and throughout the first three years of operation. Future earnings prospects appear attainable, and management is considered satisfactory. Corporate powers to be exercised are consistent with the purpose of the FDI Act, and no undue risk to the Deposit Insurance fund is apparent. Finally, the Bank's plans appear to satisfy the convenience and needs of the community.

Accordingly, based upon a careful evaluation of all available facts and information and in consideration of the factors of Section 6 of the FDI Act, the Associate Director, pursuant to delegated authority, has concluded that the approval of the application is warranted, subject to certain prudential conditions.

**ASSOCIATE DIRECTOR
DIVISION OF SUPERVISION AND CONSUMER PROTECTION
FEDERAL DEPOSIT INSURANCE CORPORATION**