



Comptroller of the Currency
Administrator of National Banks

Northeastern District Office
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Licensing Division
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Conditional Approval #488 September 2001

August 3, 2001

Mr. James M. Deitch
Chairman & Chief Executive Officer
American Home Bank, National Association
805 Estelle Drive, Suite 101
Post Office Box 4454
Lancaster, Pennsylvania 17604-4454

Re: Authorization to Commence Business - American Home Bank, National Association
Lancaster, Pennsylvania (Charter # 24212)
CAIS Control Number: 2001 NE 01 0001

Dear Board of Directors:

The Comptroller of the Currency (OCC) has found that you have met all conditions imposed by the OCC and completed all steps necessary to commence business as a national bank. Your charter will be forwarded under separate cover. The national bank is authorized to commence business on August 6, 2001.

This approval is subject to the following conditions:

1. If the bank implements a transactional web site within the first three years of operation, it is considered a significant change in the business plan. Prior to implementing such an operation, the bank must follow the requirements of condition on significant deviation or change as well as:
 - The bank must submit to the OCC for review and approval a complete description of the bank's final information systems and operations architecture as well as the information systems risk assessment and management plan. This should include a schematic drawing and discussion of the following items:

Vendor due diligence and contracts; electronic banking security mechanisms and policies; information systems personnel; internal controls; audit plans; and operating policies and procedures, including, but not limited to, vendor management, weblinking, customer authentication and verification, and business resumption contingency plans.

- The bank must have performed an independent security review and test of its electronic banking platform. The bank must have this review performed regardless of whether the platform is operated in-house or by one or more third-party service providers. If the bank outsources the technology platform, it can rely on testing performed for the service provider to the extent that it satisfies the scope and requirements listed herein. The review must be conducted by an objective, qualified independent source (Reviewer). The scope should cover:
 - All access points, including the Internet, Intranet, or remote access.
 - The adequacy of physical and logical protection against unauthorized access including individual penetration attempts, computer viruses, denial of service, and other forms of electronic access.

By written report, the Reviewer must confirm that the security measures, including the firewall, have been satisfactorily implemented and tested. For additional guidance, see “The Internet and the National Bank Charter” booklet of the Comptroller’s Corporate Manual, pages 37-38, 74-75.

2. The bank must notify all potential technology-related vendors in writing of the OCC’s examination and regulatory authority under 12 U.S.C. 1867(c).¹ All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the bank is subject to the OCC’s examination and regulatory authority.

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.

You are reminded that several procedural requirements contained in the preliminary approval letter will continue to apply once the national bank opens and by opening, you agree to subject the national bank to these requirements. Some of the requirements bear reiteration here:

1. Regardless of the association's FDIC insurance status, the association is subject to the Change in Bank Control Act (12 USC 1817(j)) by virtue of its national bank charter.
2. The board of directors is responsible for regular review and update of policies and procedures and for assuring ongoing compliance with them. This includes maintaining an internal control system that ensures compliance with the currency reporting and record keeping requirements of the Bank Secrecy Act (BSA). The board is expected to train its personnel in BSA procedures and designate one person or a group to monitor day-to-day compliance.

Following the commencement of operations, bank management is urged to become familiar with the requirements of the Securities Exchange Act of 1934 and Part 11 of the Comptroller's regulations relative to the registration of the bank's equity securities and related periodic reports. These requirements will be applicable to your bank when the number of shareholders of record is maintained at 500 or more. Such registration may be subsequently terminated pursuant to the act, only when the number of shareholders of record is reduced to fewer than 300.

Should you have any questions regarding the supervision of the bank, please contact National Bank Examiner Paul Amos or Assistant Deputy Comptroller Mary Ann Kennedy, who will be responsible for the supervision of your institution. Mr. Amos and Ms. Kennedy may be reached at (570) 825-9117. Correspondence should be addressed to the OCC at the Northern Pennsylvania Office, 100 Hazle Street, Wilkes-Barre, Pennsylvania 18702.

Sincerely,

-signed-

Anthony P. DosSantos
Licensing Manager

Enclosure