



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF BANKING
333 MARKET ST, 16TH FLOOR
HARRISBURG, PENNSYLVANIA 17101-2290
(717)783-8240

Fax (717) 787-8773

June 7, 2004

Dear :

This will respond to the Bank Parity and Subsidiary Notice (the "Notice") filed with the Pennsylvania Department of Banking (the "Department") on behalf of your client, **[redacted]**, (the "Bank"), a Pennsylvania state-chartered bank, under which the Bank intends to form **[redacted]**, which will be a wholly-owned service corporation subsidiary of the Bank (the "Service Corporation") that will engage in general third-party real estate brokerage activities in parity with the ability of service corporations of Federal savings associations, pursuant to the authority granted by Section 201(c)(iv) of the Banking Code of 1965 (the "Banking Code"), 7 P.S. § 201(c)(iv). Specifically, the Bank intends to utilize the authority contained in 12 U.S.C. § 1464(c)(4)(B), 12 C.F.R. § 559.4(i) and the July 16, 1997, interpretive letter from the Chief Counsel of the Office of Thrift Supervision to engage in general third-party real estate brokerage activities through the Service Corporation.

The Department has reviewed the Notice as described above and the Department does not object to the formation of the Service Corporation and the conduct of general third-party real estate brokerage activities through the Service Corporation pursuant to the above-referenced legal authority made applicable through the provisions of Section 201(c)(iv) of the Banking Code. This non-objection is subject to the following conditions:

1. The activities of the Subsidiary are not to be expanded beyond the purposes as set forth in this letter and any such change will require prior written notice to the Department.
2. The Board of Directors of the Bank and the managers of the Service Corporation are to establish a limitation on the total amount of borrowings by the Service Corporation from the Bank and any other affiliated companies in compliance with Sections 311(c.1) and 311(e.1) of the Banking Code, 7 P.S. §§ 311(c.1), 311(e.1).
3. The maximum amount of the aggregate investment in service corporations by the Bank may not exceed 2% of its total assets pursuant to 12 U.S.C. § 1464(C)(4)(B) and 12 C.F.R. § 559.5(a), unless the amount that exceeds 2%, up to an aggregate maximum of 3%, shall be used primarily for community, inner-city, or community development purposes.
4. The Bank and the Service Corporation must comply with the provisions of the aforementioned July 16, 1997, legal interpretive letter from the Chief Counsel of the Office of Thrift Supervision.

5. The Service Corporation and/or its employees will obtain any required licensure for conducting general third-party real estate brokerage activities.

Receipt of the following documentation relative to the formation of the Subsidiary is acknowledged:

1. Copy of the Resolution of the Bank Board of Directors authorizing formation of the Service Corporation.
2. Identification of the initial directors and officers of the Service Corporation.

In order to complete our files in this matter, please forward the following to the attention of Joseph A. Moretz, Manager of Corporate Applications, at the above address:

1. Bylaws of the Service Corporation.
2. Articles of Incorporation for the Service Corporation.
3. Certificate of Incorporation issued by the Department of State or other evidence of the filing with the Department of State.
4. The initial balance sheet for the Service Corporation.
5. A statement setting forth the amount of the Bank's investment in the Service Corporation.
6. Copies of the requisite approvals of any applicable Federal regulatory agency.

The Department will review the Bank's conduct of its general third-party real estate brokerage activity through the Service Corporation and will continue to exercise its regulatory authority and may take actions as deemed appropriate to ensure the safety and soundness of the Bank and the Service Corporation. The Bank and the Service Corporation should be prepared to provide information to Department examiners during an examination that confirms that the Bank and the Service Corporation are in compliance with all applicable Federal and state laws and regulations related to the activities of the Service Corporation.

Please contact Mr. Moretz should you require additional explanation or information regarding this matter.

Very truly yours,

Timothy J. Blase
Director - Bureau of
Supervision and Enforcement

TJB:JAM:kse

cc: Christopher J. Spoth - FDIC

Joseph A. Moretz
Manager - Corporate Applications

Carter D. Frantz
Deputy Chief Counsel