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Comptroller of the Currency  
Administrator of National Banks

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Northeastern District  
340 Madison Avenue, 5<sup>th</sup> Floor  
New York, New York 10017

October 3, 2005

**Conditional Approval #705**  
**November 2005**

Donna M. Conroy, Esquire  
Frieri Conroy & Lombardo, LLC  
222 Walnut Avenue  
Cranford, New Jersey 07016

Re: Application to convert Enterprise Bank, Kenilworth, New Jersey, to a national bank to be titled "Enterprise National Bank N.J." (the Bank), Kenilworth, New Jersey

Control #: 2005 NE 01 0005  
2005 NE 05 0121

Charter #: 24620

Dear Ms. Conroy:

The Comptroller of the Currency (OCC) has reviewed the subject application. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the Bank's representatives, we find that your conversion application meets the requirements for approval to convert to a national banking association pursuant to 12 U.S.C. § 35 and 12 C.F.R. § 5.24 as follows:

**Title:** Enterprise National Bank N.J.

**Location:** 490 Kenilworth Boulevard  
Kenilworth, New Jersey 07033

This conversion approval is subject to the following special conditions:

1. Within sixty (60) days following conversion, the Bank's management will develop and implement a contingency funding plan that has been approved by the Bank's Board.
2. The Bank: (i) shall give the OCC's Northeastern District Office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations<sup>1</sup> and (ii) shall obtain the OCC's written determination of no objection before the Bank engages in any significant deviation or change from its business plan or operations. The OCC may impose additional conditions it deems

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(1) If such deviation is the subject of an application filed with the OCC, no separate notice to the Northeastern District Office is required.

appropriate in a written determination of no objection to a bank's notice.

All 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 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

This approval is based in part upon the institution's representation that, prior to conversion, the capital structure will be realigned to comply with the minimum capital requirements of 12 U.S.C. § 35, 36, 52, and 371d to the extent applicable.

This letter constitutes official OCC authorization to operate the following branch:

*OCC Branch Number 132737A  
3900 Park Avenue, Suite 108  
Edison Township, New Jersey 08820*

The above noted branch has been previously authorized by another regulator, but remains unopened. You must notify this office within 10 days after opening the branch and provide our office with the "popular name" of the branch. If it is not opened within 18 months of the date of this letter, the authorization and approval for the unopened branch shall automatically terminate unless the OCC grants an extension of the time period.

You should retain this letter as the official branch authorization. An OCC branch number has been assigned to the branch. If, at some time in the future, the bank desires to close the branch, the requirements of 12 USC 1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event the branch is sold, the branch authorization must be surrendered to the OCC.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 C.F.R. § 7.2013, which lists four factors the directors should consider to determine adequacy.
2. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 C.F.R. § 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them. We are enclosing the Minimum Policies and Procedures for national banks.
4. The Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, the Bank ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will

consider this stock a nonconforming asset for any period that the Bank is not a member of the FHLB system.

5. The converting institution must apply to the Federal Reserve for membership.
6. The directors must own qualifying shares in conformance with 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.
7. The converting institution must notify the OCC if the facts described in the filing materially changes at any time prior to consummation of the conversion. Any changes to the executive officers or directors must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, please submit the “Conversion Completion Certification” (enclosed) certifying that you have done so.

If the bank establishes a “Transactional Website”:

1. The Bank must submit to the OCC’s Northeastern District Office for review, and prior written determination of no supervisory objection, 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:
  - a. 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.
2. 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:
  - a. All access points, including the Internet, Intranet, or remote access.
  - b. 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, refer to “The Internet and the National Bank Charter” booklet of the *Comptroller’s Licensing Manual*, pages 37-38, Information System Security. The booklet is located at the Electronic Banking section of the OCC’s Web site:

<http://www.occ.treas.gov/corpbook/group4/public/pdf/internetnbc.pdf>.

3. The Bank must have a security program in place that complies with the “Interagency Guidelines Establishing Standards for Safeguarding Customer Information” specified at 12 C.F.R. § 30, Appendix B.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller’s Licensing Manual*, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This conditional approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory, and examination authorities under applicable law and regulations. The foregoing may not be modified or waived by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the application control number. If you have any questions concerning this letter, please contact Licensing Analyst Wai-Fan Chang at (212) 790-4055.

Sincerely,

/s/

Sandya Reddy  
Acting Director for District Licensing

Enclosures: Conversion Completion Certification  
Minimum Policies and Procedures  
Survey Letter