

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Hanover Community Bank  
Garden City Park, Nassau County, New York  
Application for Federal Deposit Insurance

**ORDER**

The undersigned, acting on behalf of the Board of Directors 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 Hanover Community Bank, a proposed new state nonmember bank to be located at 2131 Jericho Turnpike, Garden City Park, Nassau County, New York, and has concluded that the application should be approved.


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

- (1) That beginning paid-in capital funds of \$12,000,000 be provided;
- (2) That Tier 1 Capital/Assets leverage ratio (as defined in the appropriate capital regulation and guidance of the institution's primary federal regulator) shall be maintained at not less than 10.0 percent throughout the first three years of operation and that an adequate allowance for loan and lease losses be provided;
- (3) That any changes in the proposed management or proposed ownership (10% or more of stock), including new acquisitions of or subscriptions to 10% or more of the stock, will render this commitment null and void unless such proposal is approved by the Corporation prior to opening the bank;
- (4) That the bank shall operate within the parameters of the business plan submitted to the FDIC. Furthermore, during the first three years of operations, the bank shall notify the appropriate FDIC Regional Director of any proposed major deviation or material change from the submitted plan 60 days before consummation of the change;
- (5) That an accrual accounting system be adopted for maintaining the bank's books;
- (6) That sufficient fidelity insurance coverage be obtained;
- (7) That the Bank shall appoint a qualified Bank Secrecy Act Officer acceptable to the FDIC prior to opening;
- (8) That the Bank shall comply with the policy of the FDIC regarding stock option plans, as set forth in the FDIC Statement of Policy on Applications for Deposit Insurance;
- (9) That the Bank obtain an updated appraisal of Hanover Mortgage Corporation as of the date it issues its shares of common stock for cash and the number of shares of common stock to be issued in exchange for the common stock of Hanover Mortgage Corporation will be equal to the appraised value so established divided by the same \$10 per share price at which the common stock is sold for cash;
- (10) That the bank obtain an audit of financial statements by an independent public

- (10) That the bank obtain an audit of financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective, furnish a copy of any reports by the independent auditor (including any management letter) to the appropriate FDIC Regional Director within 15 days of their receipt by the bank and notify the appropriate FDIC Regional Director within 15 days when a change in its independent auditor occurs;
- (11) That the Federal deposit insurance shall not become effective unless and until the applicant has been established as a state nonmember bank, that it has authority to conduct a banking business, and that its establishment and operation as a bank has been fully approved by the state authority;
- (12) That until the conditional commitment herein ORDERED becomes effective, 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,
- (13) That if deposit insurance has not become effective within one year from the date of the Order, or unless, in the meantime, a request for an extension of time has been approved by the Corporation, the consent granted shall expire on said date.

Dated at Braintree, Massachusetts, this 20<sup>th</sup> day of June, 2008.

/s/

  
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Doreen R. Eberley  
Regional Director  
Division of Supervision and Consumer Protection