

**KENNETH R. LEHMAN**  
1408 NORTH ABINGDON STREET  
ARLINGTON, VA 22207

Phone: 703.812.5230  
E-mail: ken@bankvc.net

**Via FedEx**

May 27, 2017

Chapelle Davis  
Assistant Vice President  
Federal Reserve Bank of Atlanta  
Department of Supervision and Regulation  
1000 Peachtree Street N.E.  
Atlanta, Georgia 30309-4470

RECEIVED  
DEPT. SUPERVISION  
AND REGULATION

MAY 31 2017

**FEDERAL RESERVE  
BANK OF ATLANTA**

**Re: Change in Bank Control Notice  
CCF Holding Company, Jonesboro, Georgia**

Dear Ms. Davis:

Kenneth R. Lehman (the "Notificant") is requesting non-objection to his acquisition of more than 25% of the outstanding shares of CCF Holding Company, Jonesboro, Georgia. CCF Holding Company owns 100% of the outstanding shares of Heritage Bank, Jonesboro, Georgia. In support of his request, enclosed please find an original and 3 conformed copies of the following:

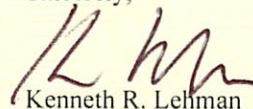
- An Interagency Notice of Change in Control (the "Notice").
- The Notificant's CONFIDENTIAL Interagency Biographical and Financial Report (the "IBFR").

Notice of the filing will be published promptly in a newspaper of general circulation in the community in which the head offices of CCF Holding Company and Heritage Bank are located. The Notificant will forward proof of publication when it is received.

The Notificant hereby requests that you afford confidential treatment under the Freedom of Information Act (5 U.S.C. §552) to the his CONFIDENTIAL IBFR, as it contains confidential and private financial information and personal data of the Notificant, the release of which would result in an unwarranted invasion of privacy. In addition, these materials contain material non-public information concerning CCF Holding Company and Heritage Bank and other depository institutions and their bank holding company parents. This information is appropriately held confidential, as it constitutes privileged and confidential commercial and financial information the public disclosure of which would have a material adverse effect on CCF Holding Company and such other depository institutions and bank holding companies.

Please date-stamp the enclosed copy of this letter and return it to the undersigned as proof of filing. If you have any questions or comments, please do not hesitate to contact the undersigned at (703) 812-5230.

Sincerely,

  
Kenneth R. Lehman

Cc: Chris Palumbo  
John Kilberg  
Federal Reserve Bank of Richmond [via email]

ORIGINAL

### Interagency Notice of Change in Control

**I. Identify:**

**Name and address of proposed acquirer(s):**

Lehman, Kenneth Ray

(Name)

1408 N. Abingdon Street

(Street Address)

Arlington

Virginia

22207

(City)

(State)

(ZIP Code)

**Name and address of depository institution or holding company whose shares are to be acquired:**

CCF Holding Company

Name

101 North Main Street

(Street Address)

Jonesboro

Georgia

30236

(City)

(State)

(ZIP Code)

**Name, title, employer, address, telephone number, fax number, and e-mail address of the person to whom inquiries concerning this notice may be directed:**

Kenneth R. Lehman

Name

Self employed

(Title, Employer)

1408 N. Abingdon Street

(Street Address)

Arlington

Virginia

22207

(City)

(State)

(ZIP Code)

703.812.5230

NA

ken@bankvc.net

(Telephone)

(Facsimile)

(E-mail)

2. Is this notice being filed prior to the acquisition of control? Yes
3. For each class of voting securities of the depository institution or holding company to be acquired, provide the total number of voting shares:

- (a) **Authorized:** The authorized capital stock of the Company consists of 50,000,000 shares of common stock, par value \$.10 per share ("Common Stock") and 1,000,000 shares of preferred stock, no par value, of which 9,200 have been designated 6% Noncumulative Mandatorily Convertible Preferred Stock, Series A (the "Series A Preferred Stock").
- (b) **Currently outstanding:** As of the date hereof there are 5,254,414 shares of Common Stock and 9,200 shares of Series A Preferred Stock outstanding. If not redeemed earlier, on July 28, 2019, each share of Series A Preferred Stock converts into 2,000 shares of Common Stock, or a total of 18,400,000 shares. In addition, there are warrants outstanding that permit the holders to purchase up to 16,000,000 shares of Common Stock for \$0.50 per share of Common Stock (the "Warrants"). The Warrants expire on July 28, 2019. On a fully diluted basis, assuming all Warrants are exercised and all Series A Preferred Stock converted, there would be 39,654,414 shares of Common Stock outstanding. The table below in 3(c) illustrates shares currently outstanding:
- (c) **Pro forma outstanding:** Pro forma, after the completion of the transaction, there will be between approximately 12.7 million and 23.1 million shares of Common Stock outstanding and no shares of Series A Preferred Stock outstanding. On a pro forma fully diluted basis, assuming all Warrants are exercised, there would be between approximately 23.1 million and 31.5 million shares of Common Stock outstanding. (Series A Preferred Stock is not included in pro forma fully diluted share count because all of the Series A Preferred Stock will be exchanged or redeemed as part of the transaction). The following table illustrates pro forma shares outstanding.

	Securities Outstanding	Common Stock	Fully Diluted Common Stock
<b>Currently Outstanding Shares:</b>			
Common Stock	5,254,414	5,254,414	5,254,414
Series A Preferred Stock	9,200		18,400,000
Warrants	16,000,000		16,000,000
Total currently outstanding shares		5,254,414	39,654,414
<b>Pro Forma Common Stock Outstanding*</b>			
Pro forma increase in Common Stock		7,445,586	
Minimum pro forma Common Stock outstanding		<u>12,700,000</u>	
Pro forma increase in Common Stock		17,845,586	
Maximum pro forma Common Stock outstanding		<u>23,100,000</u>	
<b>Pro Forma Fully Diluted Common Stock Outstanding*</b>			
Pro forma decrease in fully diluted Common Stock			(16,554,414)
Minimum pro forma fully diluted Common Stock outstanding			<u>23,100,000</u>
Pro forma decrease in fully diluted Common Stock			(8,154,414)
Maximum pro forma fully diluted Common Stock outstanding			<u>31,500,000</u>

\* Approximations.

4. Provide the following information. For any shares registered or to be registered in another name (such as a trust, corporation, or partnership), indicate the names of registered parties, beneficial owners and trustees, as applicable.

Upon completion of the transaction, there will no longer be any shares of Series A Preferred Stock outstanding, and the Notificant's ownership of the Company's Common Stock will be as follows:

	Number of shares now owned, controlled, or held	Minimum - maximum number of shares to be acquired	Minimum - maximum number of shares after completion of acquisition
Total shares of Common Stock	0%	7,500,000 - 11,428,571	7,500,000 - 11,428,571
Total as a minimum - maximum percent of Common Stock outstanding	0%	38.8% - 68.6%	38.8% - 68.6%
Total as minimum - maximum percent of fully diluted shares of Common Stock (assuming all Warrants are exercised)	0%	23.8% - 49.0%	23.8% - 49.0%
Maximum percent of shares of Common Stock initially eligible to vote (pursuant to Voting Agreement)	0%	33.0%	33.0%

5. Indicate:

- (a) **The purchase price(s) per share of shares to be acquired:** The proposed purchase price is 1.40 per share of Common Stock.
- (b) **Total purchase price for the entire proposed transaction:** The minimum number of shares of Common Stock and the total minimum purchase price is 7,500,000 shares and \$10.5 million, respectively. The maximum number of shares of Common Stock and the total maximum purchase price is 11,428,571 shares and \$16.0 million, respectively.
- (c) **The current book value per share:** Book value of the Common Stock was \$4.71 per share as of December 31, 2016. Fully diluted book value, assuming that all Warrants were exercised and all Series A Preferred Stock converted into Common Stock, was \$1.05 per share as of December 31, 2016.
- (d) **The current market value per share (including date and source of information, if available):** The last reported trade of the Common Stock on the OTC PK on May 26, 2017, was for \$1.85 per share.

6. Discuss the proposal, including the purpose, terms, and conditions of the acquisition, and the manner in which the acquisition will be made. Summarize and attach copies of all pertinent documents, such as purchase and sale agreements, shareholder agreements, noncompete agreements, employment contracts, and trust agreements.

The Notificant is purchasing Common Stock from the Company to fund the Company's redemption of a portion of the (i) Series A Preferred Stock and (ii) Warrants. The Company will permit holders of Series A Preferred Stock to request that such shares be exchanged for 714 shares of Common Stock, and the Company will use the proceeds of the Notificant's purchase of Common Stock to redeem for \$1,000 of cash per share all shares of Series A Preferred Stock that are not exchanged for Common Stock. No shares of Series A Preferred Stock will be outstanding following the completion of the transaction.

The Company also will permit holders of Warrants to elect to tender them to the Company for redemption for a price of \$0.90 per Warrant.

*The Company will only use the cash proceeds of Notificant's purchase of Common Stock to redeem the Series A Preferred Stock and Warrants will not use any other cash funds.*

The Company may also use cash proceeds of the issuance to the Notificant to infuse capital into Heritage Bank if necessary to maintain an 8% leverage ratio.



Warrantholder and preferredholder elections will be subject to various allocation procedures, and the Company and the Notificant do not know how many Warrants and shares of Series A Preferred Stock will be redeemed for cash, so the exact number of shares that Notificant will be required to purchase to fund such cash redemption is not known. Pursuant to the Stock Purchase Agreement, the Notificant is required to purchase a minimum of 7,500,000 and a maximum of 11,428,571 shares of Common Stock for \$1.40 per share, or a total of \$10.5 million to \$16.0 million. Such shares will represent between approximately 38.8% and 68.6% of the shares outstanding after such purchase, and approximately 23.8% to 49.0% of the shares outstanding on a fully diluted basis.

The Company and the Notificant have also agreed to certain terms relating to the Notificant's ability to vote shares of Common Stock. These terms include the following:

(i) The Notificant will not be subject to the 10% voting limitation (the "Voting Limitation") set forth in the Company's Articles of Incorporation except with respect to votes on the election of directors through July 31, 2019 (the "Restricted Date"). As to votes on the election of directors through the Restricted Date, any shares in excess of the Voting Limitation will be voted in a manner calculated to most accurately reflect how all other shares of Common Stock are actually voted.

(ii) In the event the Notificant beneficially owns more than 33.0% of the Company's outstanding Common Stock, the shares of Common Stock in excess of 33.0% shall be voted in the same manner as all other shares of Common Stock, excluding the Notificant's voted shares.

The Company and the Notificant have entered into a Securities Purchase Agreement setting forth the terms of the transaction. The Securities Purchase Agreement is filed herewith.

**7. Provide the following information:**

Name of each acquiror/transferee	Total purchase price	Source and amount of funds
Kenneth R. Lehman	\$10.5 - \$16.0 million	Cash and liquidation of assets
TOTAL		

**(a) If cash funds will be used, provide copies of checking, savings, or money market account statements. If assets will be liquidated, list those assets and provide a copy of the documents that can verify the timing of such transaction and the amount of the anticipated proceeds.**

The Notificant intends to fund the \$10.5 million - \$16.0 million transaction cost primarily from (i) cash on hand, (ii) cash from the liquidation of marketable securities, (iii) exchange or liquidation of a \$4.1 million CCF promissory note, and/or (iii) cash from the liquidation of other assets. On an interim basis, cash to be used in the transaction may be used to pay down lines of credit outstanding as of the date of the Notificant's Interagency Biographical and Financial Report ("IBFR"). The Notificant will not establish any new credit facilities to fund the transaction, but may draw a portion of the cash to fund the transaction from existing credit facilities. The Notificant's IBFR demonstrates that the Notificant has sufficient financial resources to complete the purchase.

**(b) If any portion of the funds (or other consideration) for the acquisition will be borrowed, indicate the name of each borrower, name and address of each lender, amount financed, collateral to be pledged, and terms of the transaction, including interest rates, amortization requirements, guarantors, endorsers, co-makers, and any other arrangements, agreements, and understandings between and among the parties. If applicable, submit a copy of any loan commitment letter.**

The Notificant will not establish any new credit facilities to fund the transaction, but may draw a portion of the cash to fund the transaction from existing credit facilities.

(c) Indicate the means through which the borrowed funds will be repaid. Provide details if the acquirer will rely on salaries, dividends, fees, or other funds from the depository institution or holding company to be acquired.

The Notificant will not establish any new credit facilities to fund the transaction, but may draw a portion of the cash to fund the transaction from existing credit facilities.

8. Provide the following information: Name of each seller/transferor, number of shares now held, number of shares to be sold/transferred; number of shares after completion of proposal.

Not Applicable.

9. Identify any person or parties employed, retained, or to be compensated by any acquirer, or by any person on behalf of any acquirer, to make solicitations or recommendations to stockholders and thereby assist in the acquisition. Include a description of the terms of such employment, retainer, or arrangement for compensation, and provide a copy of any such agreement or contract.

The Notificant has not employed or retained, and does not intend to compensate any person or party to make solicitations or recommendations to stockholders and thereby assist in the acquisition.

10. List and provide copies of all invitations, tenders, or advertisements making a tender offer to stockholders for purchase of their stock in connection with the proposed acquisition.

The Notificant has no plan or proposal to make a tender offer to stockholders for purchase of their Common Stock in connection with the proposed transaction.

11. Describe in detail any plans or proposals that any acquirer may have to: (a) liquidate the depository institution or holding company to be acquired, (b) sell its assets, (c) merge it with any Bank, or (d) make any other significant change in its business strategy or corporate structure.

The Notificant has no plan or proposal to liquidate the Company or its subsidiary bank, sell their assets, merge them any other holding company or bank, or make any other significant change in business strategy or corporate structure.

12. If changes are contemplated in the board of directors or senior executive officers of the depository institution or holding company to be acquired, provide a current and pro forma list of officers and directors. The regulatory agency with which this notice has been filed should be contacted to determine the filing or other information requirements associated with changes to the board of directors or senior executive officers, pursuant to Section 32 of the Federal Deposit Insurance Act (12 USC 1831i).

The Notificant intends to serve as a director of the Company and the Company's subsidiary bank. No other changes in the Boards of Directors are contemplated.

13. For each acquirer, indicate any positions currently held (director, officer, or employee) in any other depository institution or holding company. Also indicate if any acquirer directly or indirectly (such as through personal trusts, corporations, or similar arrangements) owns, controls, or has power to vote 10 percent or more of any class of voting securities or other voting equity interests of any other depository institution or holding company.

The following table indicates positions that the Notificant holds in all other depository institutions and/or holding companies. "D" indicates service as a director, and "PS" indicates principal stockholder (i.e., ownership of more than 10% of the outstanding voting stock). The table assumes that Notificant has exercised all options and warrants.

<u>Name &amp; address of depository and/or holding company</u>	<u>Position &amp; date appointed</u>	<u>Percent owned</u>
Virginia Partners Bank, Fredericksburg, VA	D & PS since 12/2016	40-49%
Heritage Bancorporation, Inc. & The Heritage Bank, Hinesville, GA	D since 04/2017; PS since 06/2016	40-49%

[Table continued from previous page]

Village Bank & Trust Financial Corp. & Village Bank, Midlothian, VA	D since 06/2016; PS since 02/2015	40-49%
Four Oaks Fincorp, Inc. & Four Oaks Bank & Trust, Four Oaks, NC	D and PS since 08/2014	40-49%
Marine Bancorp of Florida & Marine Bank, Vero Beach, FL	D and PS since 12/2013	40-49%
Delmar Bancorp & The Bank of Delmarva, Salisbury, MD	D and PS since 11/2013	40-49%
Liberty Bell Bank, Marlton, NJ	D and PS since 04/2013	40-49%

**14. If any office of any depository institution or holding company with which the acquirer is currently associated is located in the same geographic market as the subject institution, provide the name and location of each office of such other organization.**

None of the offices of any depository institution or holding company with which the Notificant is currently associated is located in the same geographical market as the Company's subsidiary depository institution.

**15. If the proposed acquirer is not an individual (or a group of individuals acting in concert) and the acquirer is engaged, directly or indirectly (including through a subsidiary), in insurance activities that are supervised by a state insurance regulator, provide:**

Not applicable.

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#### Privacy Notice

A copy of this document is provided to the appropriate regulatory agency as required under 12 USC 1817(j) and implementing regulations. This notice, including supporting material, is available to the public upon request under the provisions of the Freedom of Information Act (5 USC 552). Contact the appropriate regulatory agency for the specific procedures under which the notice would be disclosed to the public. To the extent that it contains personal and financial information concerning individual acquirers of depository institutions and holding companies, the information may be subject to the Privacy Act of 1974 (5 USC 552a), which provides safeguards for personal information. The applicability of the Privacy Act to the information provided on this document will depend on the manner in which the appropriate federal banking agency maintains such information.

This form solicits information that will enable the regulatory agencies to evaluate and make a decision on each proposed change in control under the standards prescribed by the Change in Bank Control Act. Failure to provide information requested in connection with the processing of this notice could result in disapproval of a proposed acquisition or a determination that complete notice has not been submitted. Any person acquiring control of a depository institution or holding company without filing a notice prior to the proposed acquisition may be subject to substantial civil money penalties. The Change in Bank Control Act requires the regulatory agencies processing this notice to furnish copies of this information to other federal and state banking authorities. Where possible violations of laws or regulations are disclosed, relevant information may be made available to other regulatory agencies or other law enforcement or governmental agencies. Identification of parties to a proposed transaction and details of that transaction, to the extent material to the regulatory agency's determination, may be incorporated in orders and notices issued under the Change in Bank Control Act or otherwise made public.

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#### Certification

I certify that the information contained in this notice has been examined carefully by me and is true, correct, and complete, and is current as of the date of this submission. I acknowledge that any misrepresentation or omission of a material fact constitutes fraud in the inducement and may subject me to legal sanctions provided by 18 USC 1001 and 1007.

I acknowledge that final action on this notice is in the discretion of the appropriate federal banking agency. Actions or communications, whether oral, written, or electronic, by an agency or its employees in connection with this filing do not constitute a contract, either express or implied, or any other obligation binding upon the agency, other federal banking agencies, the United States, any other agency or entity of the United States, or any officer or employee of the United States. Such actions or communications will not affect the ability of any federal banking agency to exercise its supervisory, regulatory, or examination powers under applicable law and regulations. I further acknowledge that the foregoing may not be waived or modified by any employee or agent of a federal banking agency or of the United States.

Signed this 27<sup>th</sup> day of May 2017

/s/ Kenneth R. Lehman

  
Kenneth R. Lehman