



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

CRA Decision #83
January 1999

December 28, 1998

Mark Pretzat, Esquire
Duane, Morris & Heckscher, LLP
1667 K Street, N.W., Suite 700
Washington, D.C. 20006-1608

Re: Applications by Vectra Bank Colorado, N.A., Denver, Colorado, to purchase and assume the six Colorado branches of Centennial Savings Bank, F.S.B., Farmington, New Mexico; by Centennial Savings Bank, F.S.B. to convert to a national bank under the title Centennial Bank, N.A.; and by Vectra Bank Colorado, N.A. to consolidate with Centennial Bank, N.A. under a new charter and title of Vectra Bank Colorado, N.A., Farmington, New Mexico
Application Control Numbers 1998-WE-02-034, 1998-WE-01-012, and 1998-WE-02-036

Dear Mr. Pretzat:

This is to inform you that today the Office of the Comptroller of the Currency (OCC) approved the above-referenced applications by Vectra Bank Colorado, N.A., Denver, Colorado (Charter Number 23684), to purchase and assume the six Colorado branches of Centennial Savings Bank, F.S.B., Farmington, New Mexico; Centennial Savings Bank, F.S.B. to convert to a national bank under the title Centennial Bank, National Association, Farmington, New Mexico (Charter Number 23795); and Vectra Bank Colorado, N.A. to consolidate with Centennial Bank, N.A. under a new charter (Charter Number 23849) and title of Vectra Bank Colorado, National Association, with its headquarters in Farmington, New Mexico. The consolidation is authorized, and the resulting bank may retain the banking offices of both banks under the Riegle-Neal Act (12 U.S.C. §§ 215a-1, 1831u, and 36(d)). The purchase and assumption and consolidation transactions comply with the provisions of the Oakar Amendment (12 U.S.C. § 1815(d)(3)).

This approval is granted based on a thorough review of all information available, including representations and commitments made by the applicant and its representatives. As you are aware, the Office of Thrift Supervision recently accorded Centennial Savings, F.S.B., an overall "Satisfactory" CRA rating, but assigned a component rating of "Does not meet the standard for satisfactory performance" for geographic distribution of loans, primarily relating to the Grand Junction, Colorado MSA. In an effort to help remedy this weakness, the applicants have committed that the resulting bank will establish a new branch in Grand

Junction at a site already selected. The stated objective of the branch is to improve the geographic distribution of loans within the assessment area, and bank management believes that the presence of a second branch office in the Grand Junction MSA will afford it a better and more accessible retail outlet for the delivery of loan and other banking products, thereby enabling the bank to increase penetration to low- and moderate income individuals and census tracts. The resulting bank is expected to submit this branch application to the OCC in the near future. In approving these applications, the OCC has relied upon this commitment.

In addition, Vectra Bank Colorado, N.A. is operating under a commitment made by a predecessor bank to the Association of Community Organizations for Reform Now in August 1995 concerning the provision of mortgage loans to low- and moderate-income persons under a special lending program. The applicants have represented that the resulting bank will honor this commitment. In approving these applications, the OCC has relied upon this representation.

Please be advised that the OCC also authorizes the resulting bank, should the consolidation occur between Call Report dates, to recalculate its legal lending limit. The new lending limit should be calculated by using data from the last Call Report of the individual banks filed prior to consummating the merger, as adjusted for the merger. The resulting bank will then file a new Call Report and begin calculating its legal lending limit according to 12 C.F.R. 32.4(a) at the end of the quarter following consummation of the merger.

The effective dates for the purchase and assumption and consolidation transactions must be on or after the approval date.

We will not issue a letter certifying consummation of the purchase and assumption and consolidation transactions until we have received:

1. A Secretary's Certificate for each applicant institution, certifying that a majority of the board of directors has agreed to the proposed merger;
2. An executed merger agreement with Articles of Association for the resulting bank attached;
and
3. A Secretary's Certificate for each institution, certifying that any necessary shareholder approvals have been obtained.

If the purchase and assumption and consolidation transactions are not consummated within one year from the approval date, the approvals will automatically terminate unless the OCC grants an extension of the time period. You must advise the Western District Licensing office in advance of the desired effective date for the transaction so that the OCC may issue the necessary certification and final approval letter.

Prior to or as of the date of the conversion:

1. The directors must own qualifying shares prior to conversion to a national banking association in accordance with 12 U.S.C. 72 and 12 CFR 7.2005.
2. The institution must apply for membership in the Federal Reserve System in accordance with 12 CFR 209, if applicable.
3. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists four factors the directors should consider to determine adequacy.
4. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10% or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR 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 made by the bank.
5. The board of directors must adopt and have in place such written policies and procedures as are necessary to ensure the safe and sound operation of the bank. The board also must review those policies and procedures continually and ensure bank compliance with them. The minimum policies and procedures applicable to a national bank are enclosed.
6. Before converting to a national bank, the converting institution must obtain any other required regulatory approvals.

Upon completion of the above procedures, please submit to the Western District Office a letter certifying that you have completed all steps required to convert to a national banking association. Your notification should include the following documents if they have not already been submitted: A Secretary's Certificate certifying shareholder approval of the proposed conversion; Articles of Association; Bylaws; Organization Certificate properly signed and executed; Oath(s) of directors; List of directors; and Certification that you have applied for membership in the Federal Reserve System.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a letter officially authorizing the institution to commence business as a national banking association. At that time, you will receive the charter certificate and branch authorizations.

Mr. Mark Pretzat
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If you have any questions regarding this decision, please contact me at (202) 874-5060 or National Bank Examiner Maeve O'Meara in our Western District Office at (415) 545-5981.

Very truly yours,

/s/

John W. Graetz
Licensing Expert (Financial Analyst)
Bank Organization and Structure