



Comptroller of the Currency
Administrator of National Banks

Western District Office
1225 17th Street, Suite 300
Denver, Colorado 80202
720-475-7650; Fax: 301-333-7010

May 1, 2006

**Conditional Approval #742
June 2006**

Terra Newcomer Hagel
Senior Vice President
Vineyard Bank
1260 Corona Point Court
Corona, CA 92879

Re: Conversion to National Bank
CAIS No. 2006-WE-01-001

Dear Ms. Hagel:

The Comptroller of the Currency (OCC) has reviewed your application to convert Vineyard Bank, Corona, California to a national bank and retain all its branches. 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, including those contained in letters dated March 28, 2006 and April 12, 2006, we find that your conversion application meets the requirements for approval to convert to a national banking association pursuant to 12 USC 35 and 12 CFR 5.24 as follows:

Title: Vineyard Bank, National Association

Location: 9590 Foothill Boulevard
Rancho Cucamonga, California 92730

This conversion approval is subject to the following special condition:

The Bank: (i) shall give the OCC's Southern California-South supervisory office at least sixty (60) days prior written notice of the Bank's intent to significantly deviate or change from its business plan or operations¹ 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 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 USC 1818 and, as such, are enforceable under 12 USC 1818.

¹ If such deviation is the subject of an application filed with the OCC, no separate notice to the supervisory office is required.

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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 USC 35, 36, 52, and 371d to the extent applicable.

This letter constitutes official OCC authorization to operate the branches included in Appendix A of this conditional approval. Of the branches listed, those marked by an asterisk have been previously authorized by another regulator, but remain unopened. You must notify this office within 10 days after opening these branches. If they are not opened within 18 months of the date of this letter, the authorization and approval for the unopened branches shall automatically terminate unless the OCC grants an extension of the time period.

You should retain this letter as the official branch authorization. OCC branch numbers have been assigned to each of the branches. If, at some time in the future, the bank desires to close a 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 should also 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 CFR 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 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 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. Vineyard Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, Vineyard 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 Vineyard Bank is not a member of the FHLB system.
5. The converting institution must apply to the Federal Reserve for membership.
6. The converting institution must ensure that all other required regulatory approvals have been obtained. Final authorization to operate as a national bank will not be given to an institution with a bank holding company until the Federal Reserve Board has approved the holding company.

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7. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
8. The bank must maintain liquidation accounts established when the bank acquired institutions that converted from mutual to stock form.
9. The converting institution must notify the OCC if the facts described in the filing materially change 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, submit the “Conversion Completion Certification” (enclosed) certifying that you have done so.

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>. The enclosures below can also be found on our Web site.

All correspondence regarding this application should reference the application control number. If you have any questions, contact Louis Gittleman at (720) 475-7650.

Sincerely,

signed

Ellen Tanner Shepherd
Director for District Licensing

Enclosures: Appendix A – Branch Listing
Conversion Completion Certification
Minimum Policies and Procedures
Survey Letter