



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

Corporate Decision #2005-01
April 2005

March 4, 2005

Robert L. Tortoriello
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006-1470

Re: Change in Bank Control Act Notices in Connection with the Proposed Acquisition of First National Bank of Marin by Sherman Financial Group LLC, Radian Group, Inc., and MGIC Investment Corporation (collectively, "Notificants")
OCC Control Nos.: 2004-WE-11-0010, 0011, and 0012;
Request for Director Residency Waiver
OCC Control No.: 2004-WE-12-0352;
Dividend request

Dear Mr. Tortoriello:

The Comptroller of the Currency (OCC) has reviewed and evaluated the subject Change in Control Notices involving First National Bank of Marin, Las Vegas, Nevada (collectively, "Notices"). Based on a review of the facts of record and the representations made by the Notificants, the OCC has determined that the Notices are technically complete and decided that we will not disapprove the Notices. The OCC has determined the statutory factors it is required to consider under the Change in Bank Control Act are consistent with this decision. The OCC's action is expressly conditioned on compliance with the Agreement made in connection with these Notices between Sherman Financial Group LLC and the OCC dated February 25, 2005, which Agreement may be enforced under 12 U.S.C. § 1818. The proposed acquisition may proceed immediately.

The date of consummation of this change in control must be provided to the OCC's Western District Office within 10 days after consummation. The transaction must be consummated as proposed in the Notices, as amended. If any of the terms, conditions, or parties to the transaction described in the Notices change, the Notificants must inform the OCC in writing prior to consummation to determine if any additional action or reconsideration is required. In such situations, the OCC reserves the right to require submission of an amended or new Notices of Change in Bank Control.

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In addition, unless an extension is granted, the transaction must be consummated within six months of the date of this letter. Failure to consummate within six months or an approved extended time period granted by the OCC will cause our decision to lapse and require the filing of a new notice by the acquiring parties and the appropriate filing fee if the acquirers wish to proceed with the change in bank control.

You are reminded that the OCC requires pushdown purchase accounting for a change in control of at least 95 percent of the voting stock of a bank. Under pushdown accounting, when a bank is acquired, yet retains its separate corporate existence, the assets and liabilities of the acquired bank are restated to their fair values as of the acquisition date. Those values, including any goodwill, are reflected in the financial statements of the parent and the acquired bank.

The OCC approves the request for an extraordinary cash dividend not to exceed \$94 million, to be paid by First National Bank of Marin to Marin National Bancorp, the parent holding company of the bank. It is understood that this dividend is part of the multi-step acquisition process as set forth in the Notices. This dividend approval is void if the acquisition does not occur.

This letter also grants approval of your request for the OCC to waive the residency requirement under 12 USC 72 for Benjamin Navarro, Brett Hildebrand, Scott Silver, and Christopher Jones to be elected to the board of directors of First National Bank of Marin. We understand that after their election, 33 percent of the bank's board of directors will meet the residency requirements of 12 USC 72.

The OCC reserves the right to withdraw this waiver at any time and, at our discretion, to request additional biographical and/or financial information on any member of the board of directors. All other requirements of 12 USC 72 remain applicable.

This letter does not constitute approval for a change in director or senior executive officer under 12 USC 1831i and 12 CFR 5.51 (section 914). A separate decision is required for the new members of the board of directors, and was granted by the OCC in a series of letters to the board of First National Bank of Marin, dated January 10, 2005.

It is our understanding that shortly after consummation of the acquisition, the shareholder of First National Bank of Marin will amend the bank's Articles of Association to limit the bank's activities to that of a CEBA credit card bank. We understand the amended language of the Article will require OCC non-objection to amend that Article in the future. Please forward a certified copy of the amended Articles of Association to our Denver District Office for filing pursuant to 12 USC § 21a.

Our decisions are based upon a thorough review of all information available, including representations and commitments made in the Notices and subsequent correspondence and communications with the Notificants and their representatives, both written and verbal.

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These decisions noted above, 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 (U.S.), any agency or entity of the U.S., or any officer or employee of the U.S., 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 waived or modified by any employee or agent of the OCC or the U.S.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service.

If you have any questions, contact me at 720-475-7656.

Sincerely,

-signed-

James A. Bundy
Senior Licensing Analyst