



Comptroller of the Currency
Administrator of National Banks

Licensing Operations

Western District Office
50 Fremont Street, Suite 3900
San Francisco, California 94105-2292
(415) 545-5900, FAX (415) 442-5315

Conditional Approval #529
June 2002

May 30, 2002

Mr. Richard Seeba, Spokesperson
Granite Community Bank, National Association
4160 Douglas Boulevard
Granite Bay, California 95746

RE: New Bank Charter
Granite Community Bank, National Association, Granite Bay, California
CAIS Control Number: 2001 -WE - 01 - 007

Dear Mr. Seeba:

The Office of the Comptroller of the Currency (OCC) has found that you have met all requirements it imposed and completed all steps necessary to commence the business of banking. Specifically, you have met all the special conditions stated in the December 17, 2001 preliminary conditional approval letter.

You are authorized to open Granite Community Bank, National Association on June 4, 2002. We will forward you a Charter Certificate under separate cover.

This authorization is based on the first meeting of shareholders occurring on June 3, 2002, as represented by the organizers.

We do not object to your proposal to have Russell P. Nash and Allan R. Frumkin serve as directors. Additionally, we do not object to your proposal to have David Caulkin serve as the bank's chief operating officer. However, background checks on David requested by the OCC have not been received yet. While we have decided not to delay action pending receipt of those responses, continued service of the affected individual will be dependent on satisfactory completion of the background investigation process.

This approval is subject to the condition that the Bank (i) shall give the San Francisco Field Office at least sixty (60) days prior notice of the bank's intent to significantly deviate from its business plan or operations, 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. This condition is enforceable under 12 U.S.C. §1818. The bank must also provide a copy of such notice to the FDIC's San Francisco Regional Office during the first three years of operation.

You are reminded that several of the standard requirements contained in the preliminary conditional approval letter will continue to apply once the bank opens and by opening, you agree to subject your association to these conditions of operation. Some of the requirements bear reiteration here:

1. Regardless of the association's FDIC insurance status, the association is subject to the Change in Bank Control Act (12 USC 1817 (j)) by virtue of its national bank charter.
2. The board of directors is responsible for regular review and update of policies and procedures and for assuring ongoing compliance with them. This includes maintaining an internal control system that ensures compliance with the currency reporting and recordkeeping requirements of the Bank Secrecy Act (BSA). The board must train its personnel in BSA procedures and designate one person or group to monitor day-to-day compliance.
3. For a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director prior to that person assuming such position. The proposed individual may not assume the position until the OCC has issued a letter of no objection.

Following the commencement of operations, bank management is urged to become familiar with the requirements of the Securities Exchange Act of 1934 and Part 11 of the Comptroller's regulations relative to the registration of the bank's equity securities and related periodic reports. These requirements will be applicable to your bank when the number of shareholders of record is maintained at 500 or more. Such registration may be subsequently terminated pursuant to the Act, only when the number of shareholders of record is reduced to fewer than 300.

This approval 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 U.S., any agency or entity of the U.S., or an 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.

Mr. Richard Seeba
Granite Community Bank, National Association
CAIS Control Number: 2001-WE-01-007
Page 3

On behalf of the OCC, welcome to the national banking system. Should you have any questions, please contact Assistant Deputy Comptroller Brian Quade at 415-545-5983, who will be responsible for the ongoing supervision of your institution.

Sincerely,

-signed-

James A. Bundy
Licensing Manager, Western District