



Comptroller of the Currency
Administrator of National Banks

50 Fremont Street, Suite 3900
San Francisco, CA 94105
(415) 545-5900, FAX (415) 545-5925

November 5, 1998

**Corporate Decision #99-01
January 1999**

Board of Directors
Bay View Bank
c/o Gary A. Lax
Silver, Freedman & Taff, L.L.P.
1100 New York Avenue NW
Washington, D.C. 20005

Re: Conversion to a National Banking Association
Bay View Bank, National Association, San Mateo, California
Control Number: 98-WE-01-011

Dear Board Members:

The Comptroller of the Currency (OCC), has reviewed your request, dated September 28, 1998, to convert Bay View Bank to a national bank. After a thorough review of all information available, including the representations and commitments made in the application and Bay View Bank's representatives, we find that **your request meets the requirements for approval to convert to a national banking association** pursuant to 12 CFR 5.24 as follows:

Title: Bay View Bank, National Association
Location: San Mateo, California.

This approval is based in part on 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, 51, 52, and 371d to the extent applicable.

The OCC approves Bay View Bank, N.A.'s plans to continue the following operating subsidiaries:

Bay View Acceptance Corporation (a.k.a. Bay View Financial Corporation), a subsidiary holding company; **Bay View Credit and Ultra Funding, Inc.**, which purchase indirect auto loans from auto dealers; **LFS-BV, Inc.**, which purchases auto leases from auto dealers; **Bay View Auxiliary Corporation** and **Eureka Service Corporation**, which act as trustees for the Bank and its affiliates in foreclosure actions in those states in which deeds of trust are

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used; **MoneyCare, Inc.**, and **Eureka Financial Services, Inc.**, which sell mutual funds, and variable and fixed rate annuities to Bank customers; and **Eureka Foundation**, a charitable foundation, qualified under the Internal Revenue Code, created to maintain the grant of San Francisco memorabilia that is on display at several of the Bank's San Francisco offices. (The subsidiary does not hold permanent title to the memorabilia.)

This letter is approval to retain the nonconforming asset, **Bayview Business Park Owners Association**, a real estate holding and management operating subsidiary. Following consummation and for a period of two years, Bay View Bank, N.A., is permitted to retain its investment in this operating subsidiary. This investment must be terminated within the two-year period unless, within that time period, the OCC determines that this investment is permissible.

This letter also constitutes official OCC authorization to operate the branches listed on Attachment "A". Please retain this letter as the official branch authorization. If a branch is closed, a 90-day advance notice of the proposed branch closing must be submitted to the OCC pursuant to 12 USC 1831r-1. The Bank must also return a copy of this authorization with the effected branch(es) highlighted and marked closed.

All bank premises and fixed assets should be depreciated annually on the bank's books in accordance with generally accepted accounting principles, and all leases should be accounted for in accordance with Financial Accounting Standards Board Statement No. 13.

You are reminded that the following actions are required before the effective date of the conversion:

1. The bank 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 must also review those policies, practices, and procedures continually and ensure bank compliance with them. We are enclosing the minimum policies and procedures applicable to national banks.

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4. Bay View Bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time, Bay View Bank, N.A., ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB and/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 Bay View Bank, N.A., is not a member of the FHLB system.
5. The converting institution must obtain any other required regulatory approvals.

The OCC will send you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

If the conversion is not consummated within six months from the date of the decision, approval will be withdrawn. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

Upon conversion, please submit a letter certifying that you have completed all steps required to convert to a national banking association (sample enclosed). If you have any questions, please contact me or National Bank Examiner Maeve O'Meara at (415) 545-5923.

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.

Very truly yours,

/s/

JAMES A. BUNDY
Licensing Manager
Western District

**Attachments: Branch Authorization Listing
Minimum Policies and Procedures
Sample Letter Certifying Conversion Completion
Survey**

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ATTACHMENT "A"

ALMADEN

5670 Almaden Expressway
San Jose, California 95118
OCC Branch Authorization No.: 113764A

APTOS

783 Rio Del Mar
Aptos, California 95003
OCC Branch Authorization No.: 113771A

BAYVIEW

4947 Third Street
San Francisco, California 94124
OCC Branch Authorization No.: 113784A

BELMONT

910 Ralston Avenue
Belmont, California 94002
OCC Branch Authorization No.: 113790A

BENICIA

84 Solano Square
Benecia, California 94510
OCC Branch Authorization No.: 113800A

BURLINGAME

1301 Burlingame Avenue
Burlingame, California 94010
OCC Branch Authorization No.: 113806A

CAMPBELL

750 W. Hamilton
Campbell, California 95008
OCC Branch Authorization No.: 113768A

CASTRO STREET

443 Castro Street
San Francisco, California 94114
OCC Branch Authorization No.: 113758A

CIVIC CENTER

505 Polk Street
San Francisco, California 94102
OCC Branch Authorization No.: 113809A

CONCORD

1965 Diamond Boulevard
Concord, California 94520
OCC Branch Authorization No.: 113773A

CUPERTINO

10050 N. Wolfe Road
Cupertino, California 95014
OCC Branch Authorization No.: 113782A

DANVILLE

720 San Ramon Valley Boulevard
Danville, California 94529
OCC Branch Authorization No.: 113766A

EL PASEO de SARATOGA

1550 El Paseo de Saratoga
San Jose, California 95130
OCC Branch Authorization No.: 113783A

EXCELSIOR

4610 Mission Street
San Francisco, California 94112
OCC Branch Authorization No.: 113754A

FAIRFIELD

721 W. Texas Street
Fairfield, California 94533
OCC Branch Authorization No.: 113803A

FOSTER CITY

1098 Shell Boulevard
Foster City, California 94404
OCC Branch Authorization No.: 113795A

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ATTACHMENT "A"
(Continued)

FREMONT

39390 Fremont Boulevard
Fremont, California 94538
OCC Branch Authorization No.: 113759A

HALF MOON BAY

50 Cabrillo Highway
Half Moon Bay, California 94019
OCC Branch Authorization No.: 113769A

IRVING - ANDRONICO'S

1200 Irving Street
San Francisco, California 94122
OCC Branch Authorization No.: 113780A

IRVING STREET

1850 Irving Street
San Francisco, California 94122
OCC Branch Authorization No.: 113808A

LAFAYETTE

3492 Mount Diablo Boulevard
Lafayette, California 94549
OCC Branch Authorization No.: 113774A

LAKESIDE

2656 Ocean Avenue
San Francisco, California 94132
OCC Branch Authorization No.: 113792A

LOS ALTOS

300 Main Street
Los Altos, California 94022
OCC Branch Authorization No.: 113775A

LOS GATOS

127 N. Santa Cruz
Los Gatos, California 95030
OCC Branch Authorization No.: 113761A

MARKET STREET

525 Market Street
San Francisco, California 94105
OCC Branch Authorization No.: 113799A

MARTINEZ

659 Main Street
Martinez, California 94553
OCC Branch Authorization No.: 113778A

MILLBRAE

475 El Camino Real
Millbrae, California 94030
OCC Branch Authorization No.: 113789A

MISSION

2601 Mission Street
San Francisco, California 94110
OCC Branch Authorization No.: 113786A

MENLO PARK

1105 El Camino Real
Menlo Park, California 94025
OCC Branch Authorization No.: 113793A

MONTGOMERY

201 Montgomery Street
San Francisco, California 94104
OCC Branch Authorization No.: 113752A

MONTGOMERY VILLAGE

2308 Magowan Drive
Santa Rosa, California 95405
OCC Branch Authorization No.: 113776A

NORTH BEACH

1435 Stockton Street
San Francisco, California 94133
OCC Branch Authorization No.: 113772A

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ATTACHMENT "A"
(Continued)

NOVATO
368 Ignacio Boulevard
Novato, California 94949
OCC Branch Authorization No.: 113767A

SAN CARLOS
1200 San Carlos Avenue
San Carlos, California 94070
OCC Branch Authorization No.: 113753A

PACIFICA
1655 Oceana
Pacifica, California 94044
OCC Branch Authorization No.: 113755A

SAN JOSE
54 W. Santa Clara Street
San Jose, California 95113
OCC Branch Authorization No.: 113805A

PALM GEARY
3550 Geary Boulevard
San Francisco, California 94118
OCC Branch Authorization No.: 113785A

SAN LEANDRO
1250 Fairmont Drive
San Leandro, California 94578
OCC Branch Authorization No.: 113807A

PALO ALTO
301 University
Palo Alto, California 94301
OCC Branch Authorization No.: 113781A

SAN MATEO
136 Second Avenue
San Mateo, California 94401
OCC Branch Authorization No.: 113798A

PLEASANTON
300 Main Street
Pleasanton, California 94566
OCC Branch Authorization No.: 113794A

SAN RAFAEL
3200 Northgate Drive
San Rafael, California 94903
OCC Branch Authorization No.: 113763A

PLEASANTON - STONERIDGE
5870 Stoneridge Mall Road
Pleasanton, California 94588
OCC Branch Authorization No.: 113777A

SANTA CRUZ
110 N. Morrisey
Santa Cruz, California 95062
OCC Branch Authorization No.: 113770A

ROHNERT PARK
6500 Commerce Boulevard
Rohnert Park, California 94928
OCC Branch Authorization No.: 113801A

SANTA ROSA
50 Old Courthouse Square
Santa Rosa, California 95404
OCC Branch Authorization No.: 113760A

SAN ANSELMO
305 San Anselmo Avenue
San Anselmo, California 94960
OCC Branch Authorization No.: 113804A

SERRAMONTE
329 Gellert Boulevard
Daly City, California 94015
OCC Branch Authorization No.: 113791A

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ATTACHMENT "A"
(Continued)

SONOMA

18981 Sonoma Highway

Sonoma, California 95476

OCC Branch Authorization No.: 113802A

VALLEJO

1200 Tennessee Street

Vallejo, California 94590

OCC Branch Authorization No.: 113797A

SOUTH SAN FRANCISCO

370 Grand Avenue

South San Francisco, California 94080

OCC Branch Authorization No.: 113787A

WALNUT CREEK

1655 N. Main Street

Walnut Creek, California 94596

OCC Branch Authorization No.: 113796A

SUNNYVALE

1307 S. Mary Avenue

Sunnyvale, California 94087

OCC Branch Authorization No.: 113779A

WESTLAKE

95 Southgate Avenue

Daly City, California 94015

OCC Branch Authorization No.: 113810A

VACAVILLE

801 Alamo Drive

Vacaville, California 95688

OCC Branch Authorization No.: 113765A

WILLOW GLEN

1099 Lincoln

San Jose, California 95125

OCC Branch Authorization No.: 113762A