



**Comptroller of the Currency
Administrator of National Banks**

Southern District Licensing
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3323

July 28, 2004

**Conditional Approval #647
August 2004**

Roy J. Salley
7301 North State Highway 161, Suite 130
Irving, Texas 75038

RE: Charter Application No. 2004 S0 01 0002
Sovereign Bank, National Association
Irving, Texas, Charter No. 24503

Dear Mr. Salley:

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 preopening requirements connected with your preliminary conditional approval on May 19, 2004.

You are authorized to open Sovereign Bank, National Association on July 29, 2004. We will forward you a Charter Certificate under separate cover.

You are reminded that several of the standard requirements enclosed in the preliminary conditional approval letter dated May 19, 2004 will continue to apply once the Bank opens and, by opening, you agree to subject your association to these requirements 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 a group to monitor day-to-day compliance.

This final approval is subject to the following condition(s) and the condition(s) imposed in the preliminary conditional approval:

1. The Bank: (i) shall give the Dallas North Field 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. For the first three years of operation, the Bank also must provide a copy of such written notice to the FDIC's Dallas Regional Office.

2. The Bank must notify all potential technology-related vendors in writing of the OCC's examination and regulatory authority under 12 USC 1867(c).² All final technology-related vendor contracts must stipulate that the performance of services provided by the vendors to the Bank is subject to the OCC's examination and regulatory authority

These conditions of 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. As such, the conditions are enforceable under 12 USC 1818.

The Board of Directors and you should become familiar with the filing obligations of the Securities Exchange Act of 1934 ("34 Act") and 12 CFR Part 11. The Bank may be required to file reports with the OCC under the 34 Act and Part 11 if: (1) the Bank at the end of any fiscal year has 500 or more shareholders of record; or (2) the Bank made a public offering of securities subject to 12 CFR Part 16 during the Bank's organizational process. We encourage you to contact the OCC's Securities & Corporate Practices Division at (202) 874-5210 if you have any questions about the Bank's securities disclosure obligations.

This final 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 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.

On behalf of the OCC, welcome to the national banking system. If you have any questions about the supervision of your Bank, please contact Assistant Deputy Comptroller Michael Hughes of the Dallas North Field Office at (972) 735-8467. For questions about this decision letter or other licensing matters, please contact me at (214) 720-7052, e-mail joseph.burbridge@occ.treas.gov.

Sincerely,

signed

Joseph T. Burbridge
Senior Licensing Analyst

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

² The OCC has the authority to assess the Bank for the cost of examining a service provider. See 12 CFR 8.6