
Comptroller of the Currency
Administrator of National Banks

Western District Office
50 Fremont Street, Suite 3900
San Francisco, California 94105
(415) 545-5900; Fax (415) 545-5925

Conditional Approval #402
June 2000

May 30, 2000

Brad Gottschalk, Spokesperson
First National Bank (Proposed)
117 North Main Street
Creede, Colorado 81130

Re: **New Bank Charter - First National Bank (Proposed)**, Creede, Colorado
Control Number: 2000-WE-01-004
Purchase & Assumption of the Creede Branch of First National Bank of Lake City &
Creede, Lake City, Colorado, by First National Bank (Proposed), Creede, Colorado
Control number: 2000-WE-02-005

Dear Mr. Gottschalk:

The Comptroller of the Currency (OCC) has reviewed your application to establish a new national bank with the title of First National Bank. Today, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary approval. The bank also may offer credit life, health, and accident insurance in accordance with 12 CFR 2.

This approval is subject to the condition that the bank shall provide Assistant Deputy Comptroller Rick Schobert at the Phoenix Field Office at least thirty (30) days prior notice of any significant deviation or change from the proposed operating plan during the bank's first three years of operation. This condition is enforceable under 12 USC §1818. The Phoenix Field Office address is 9633 S. 48th Street, Suite 265, Phoenix, Arizona 85044, and its phone number is (480) 893-1339. The bank must also provide a copy of such notice to the Federal Deposit Insurance Corporation's (FDIC) Dallas Regional Office.

The bank proposes to raise \$2,100,000 to \$3,000,000 in capital prior to commencing operations. You are reminded that, pursuant to 12 CFR § 5.20(I)(5)(iii), this preliminary approval expires if the bank does not raise the capital funds within 12 months from the date of this letter. The preliminary approval also will expire if the bank has not commenced business within 18 months from the date of this letter.

First National Bank (Organizing)

Control Number 2000-WE-01-004

This is also to inform you that effective this date, the OCC has approved your proposal for First National Bank, Creede, Colorado, to purchase certain assets and assume the liabilities of the Creede branch of First National Bank of Lake City & Creede, Lake City, Colorado. A copy of our decision document is enclosed.

These approvals are granted based on a thorough review of all information available, including the representations and commitments made in the applications and the purchase and assumption agreement, and by the proposed bank's representatives. We also made our decision to grant preliminary approval of the charter application with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and obtain FDIC insurance.

Please refer to the "Corporate Organization" booklet (enclosed) in the Comptroller's Corporate Manual for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to this office. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are standard requirements that must be met before the bank will be allowed to commence business. Management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operation. Applicable standard requirements also must be satisfied before the bank will be allowed to commence business.

The OCC poses no objection to Bradley R. Gottschalk serving as President, Chief Executive Officer, Senior Lending Officer and Director, and Franklin Webber serving as Vice President and Cashier. The OCC also poses no objection to the following individuals serving as Directors as proposed in the application:

Jerry F. Caddy,
Richard P. Inman,

A. Robert Sutherland, and
Virginia A. Wyley.

Additional executive officers and directors are subject to the OCC's prior review and clearance. You are also reminded that 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 OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

First National Bank (Organizing)

Control Number 2000-WE-01-004

As a reminder, the Western District Office must be advised in writing before the desired effective date for the purchase & assumption transaction, so that the OCC may issue the necessary certification letter. The effective date must follow the applicable 15 day Department of Justice injunction period which begins today, and any other required regulatory approvals.

The OCC will issue a letter certifying consummation of the purchase & assumption when we receive Secretary's Certificates from the acquiring bank and the target bank certifying that a majority of the board of directors has agreed to the proposed purchase and assumption. We have already received a copy of the executed purchase and assumption agreement.

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.

Our decision on the related branch application will be forwarded separately.

You should direct any questions you have concerning this preliminary approval to Senior Bank Structure Analyst Maeve O'Meara at (415) 545-5923.

Very truly yours,

~~signed~~

James A. Bundy
Licensing Manager

Enclosures: Standard Requirements
Minimum Policies and Procedures
Purchase & Assumption Decision Document
"Corporate Organization" Booklet