



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

**Conditional Approval #263
December 1997**

December 18, 1997

Ms. Angela Cavallini, Corporate Counsel
Avco Financial Services
P.O. Box 5011
Costa Mesa, California 92628-5011

Re: Request by Avco National Bank, Costa Mesa, California's (Avco) to resume full
banking operations
Application Control Number: 95-WE-07-0020

Dear Ms. Cavallini:

This is to inform you that the Office of the Comptroller of the Currency (OCC) has no objection to Avco resuming its banking operations as proposed in the October 30, 1997, operating plan submitted to the OCC.

The OCC's no objection is based on a thorough review of all information available, including commitments and representations made in the operating plan and those of the bank's representatives and is conditioned upon the bank's compliance with the following special conditions:

1. Avco must maintain its status as an "insured depository institution" within the meaning of 12 U.S.C. 1813 (c) (2).
2. At the earliest practicable time, Avco must provide notice to the OCC of any action initiated or taken by the FDIC that is directed toward termination of the bank's status as an insured depository institution.
3. In the event the FDIC initiates or takes any action to terminate the bank's status as an insured depository institution, Avco must request and obtain the prior approval of the OCC before continuing operation as a non-FDIC insured national bank. In determining whether approval should be provided to the continued operation by Avco as an uninsured national bank, the OCC reserves the right to impose additional conditions upon Avco. Such conditions shall be regarded as "Conditions imposed in writing by the agency in connection with the granting of any application or other request by the depository institution" within the meaning of 12 U.S.C. 1818.

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It is to be expressly understood that the OCC's authority to impose conditions under # 3 above, is in addition to, and not in substitution of, any other authority the OCC presently possesses - or may come to possess - with respect to uninsured national banks.

Please be advised that all conditions of this approval shall be deemed to be "conditions imposed in writing by the agency in connection with the granting of any application or other request" within the meaning of 12 U.S.C. 1818.

It is specifically noted that Avco has represented to the OCC that internal systems will be Year 2000 compliant within the time frames outlined in Advisory Letter 97-6 (attached) or other subsequent OCC Year 2000 guidance. In addition, the company will perform due diligence to ensure that any third-party data processing servicers or purchased applications or systems from software vendors will also be Year 2000 compliant. In the event that the company selects a servicer or vendor which is not Year 2000 compliant, the company will ensure that the servicer or vendor has a Year 2000 compliance plan, and the financial and managerial capacity to complete its Year 2000 conversion project within the time frames outlined in Advisory Letter 97-6 or other subsequent OCC Year 2000 guidance.

All correspondence regarding this request should reference the application control number. If you have any questions concerning this letter, please contact me or NBE/Senior Bank Structure Analyst Stephen A. Lybarger at (202) 874-5060.

Sincerely,

/s/

Troy L. Dixon
Director for Corporate Activity
Bank Organization and Structure

Attached: OCC Advisory Letter AL 97-6