

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
Gateway Bank, a F.S.B.,
San Francisco, California

OTS Order No.: SF-93-022-A

Date: November 15, 1995

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OFFICE OF THRIFT SUPERVISION
WEST REGION

STIPULATION AND CONSENT TO ISSUANCE
OF AMENDED ORDER TO CEASE AND DESIST
(Safety and Soundness)

The Office of Thrift Supervision ("OTS"), by and through its Regional Director, West Region, and Gateway Bank, a F.S.B., San Francisco, California ("Gateway"), stipulate and agree as follows:

1. On or about July 30, 1993, Gateway and OTS entered into a Stipulation and Consent to Issuance of Order to Cease and Desist ("STIPULATION"), which was accepted and approved by OTS and is incorporated by reference.
2. Pursuant to the STIPULATION and in accordance with Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (12 U.S.C. § 1818(b)), the OTS issued an Order to Cease and Desist ("ORDER"). Upon its issuance by the Deputy Director for Regional Operations, OTS, the ORDER was and continues to be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, as amended by FIRREA (12 U.S.C. § 1818(i)).
3. While the grounds upon which ORDER was issued still exist, OTS and Gateway believe the provisions of the ORDER should be updated and clarified.
4. The parties agree to amend the ORDER as set forth in the attached AMENDED ORDER TO CEASE AND DESIST. Gateway further agrees to comply with the terms of the ORDER, as amended, and stipulates that the ORDER, as amended, complies with all requirements of law.

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OTS Order No.: SF-93-022-A
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AMENDED ORDER TO CEASE AND DESIST
(Safety and Soundness)

WHEREAS, on or about July 30, 1993, Gateway Bank, F.S.B., San Francisco, California ("Gateway" or "Institution"), through its Board of Directors ("Board"), executed a Stipulation and Consent to Issuance of Order to Cease and Desist, ("Stipulation I"), which was accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Deputy Director for Regional Operations; and

WHEREAS, Gateway, in Stipulation I, consented and agreed to the issuance of Order to Cease and Desist, SF-93-022 ("ORDER"), pursuant to Section 8(b) of the Federal Deposit Insurance Act, as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989, Pub. L. No. 101-73, 103 Stat. 183 ("FIRREA") (12 U.S.C. § 1818(b)); and

WHEREAS, Gateway and the OTS desire to amend the ORDER to reflect changes in circumstances since the issuance of the ORDER; and

WHEREAS, Gateway, through its Board, has executed a Stipulation and Consent to Issuance of Amended Order to Cease and Desist, which is incorporated herein by reference ("Stipulation II") and is accepted and approved by the OTS, acting through its Regional Director, West Region; and

WHEREAS, Gateway, in Stipulation II, consented and agreed to the issuance of this Amendment to Order to Cease and Desist, SF-93-022-A ("AMENDED ORDER"), pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), as amended by FIRREA (12 U.S.C. § 1818(b)).

NOW THEREFORE, IT IS ORDERED:

1. Gateway shall not increase its total assets beyond sixty million dollars (\$60,000,000).
2. Unless Gateway has 1) provided 30 days prior written notice to the Assistant Regional Director ("ARD") (or any reduced written notice as established by the ARD in his sole discretion) and 2) received a written notice of no objection from the ARD, Gateway shall not:
 - a. make, invest in, purchase, sell, pledge, exchange, refinance, extend, or otherwise modify, or commit to make, invest in, purchase, sell, pledge, exchange, refinance, extend, or otherwise modify any loan (except those secured by 1 to 4 single-family, owner-occupied dwellings) secured by real estate or any participation therein (including any acquisition, development and construction loan) or any real estate investment, commercial loans, letters of credit, or participation in any of the foregoing, or any set of such loans, investments, letters of credit, or participations;
 - b. purchase or invest in any loan servicing rights;

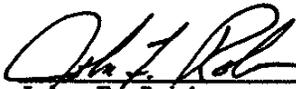
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- c. make, invest in, purchase, sell, refinance, extend, or otherwise modify, or commit to make, invest in, purchase, sell, refinance, extend, or otherwise modify any consumer or education loans in excess of \$5,000, except for loans fully secured by the customer's deposits;
 - d. release any borrower or guarantor from personal liability on any loan or extension of credit granted by the Institution, except when the outstanding balance of the loan and other outstanding loans to the borrower or guarantor have been paid in full;
 - e. sell, pledge, or exchange any loan secured by real estate, or participation therein, or real estate investment, security, or other assets, or any set of such loans, participations, real estate investments, or securities, or other assets, except to the Federal Home Loan Mortgage Corporation or Federal National Mortgage Association; or
 - f. make, invest in, purchase, sell, or otherwise modify, or commit to make, invest in, purchase, sell, or otherwise modify any investments, except those investments that qualify as liquid assets pursuant to Section 6 of the Home Owners Loan Act ("HOLA"), as amended by Section 301 of the FIRREA, 103 Stat. 183, 313 (12 USC § 1465), and mortgage-related securities with risk weightings of 50% or less pursuant to 12 C.F.R. § 567.6(a)(1).
3. Without the prior written non-objection of the ARD, Gateway shall not:
- a. engage in any transactions with affiliates;
 - b. engage in any transaction with the appearance of a conflict of interest;
 - c. open new branches;
 - d. engage in new lines of business;
 - e. make a material change in Gateway's accounting methods;
 - f. increase the compensation paid to Gateway's senior management; or
 - g. enter into any material transaction, including, but not limited to, any investment, expansion, acquisition, sale of assets, or similar action.
4. By the tenth day following each regularly scheduled monthly board meeting, the Board shall prepare a report detailing the progress, status, and adherence to each of Paragraphs 1 through 3 of this AMENDED ORDER. Included in such monthly report shall be sufficient detail of the evidence the Board reviewed to establish the progress, status, and adherence to each of Paragraphs 1 through 3.
5. For good cause shown, the ARD may extend the time to complete any act that this AMENDED ORDER requires.
6. If the ARD disapproves any policy, plan, or act submitted for approval under the terms of this AMENDED ORDER, the Board will revise and resubmit the policy, plan, or act, to the ARD within 15 days after it receives written notice of disapproval;
7. No policy, plan, or act approved by the ARD may be amended, suspended, or revoked without the prior written approval of the ARD. However, if Gateway has been in substantial compliance with any requirement imposed

by the ORDER or this AMENDED ORDER for a reasonable period of time, the ARD may terminate such requirement upon written request.

8. As used in this AMENDED ORDER, the term "federal savings association" shall have the same meaning as set forth in Section 2(4) of the HOLA, as amended by Section 301 of FIRREA, Pub. L. No. 101-73, Section 301 (1989).
9. References in this AMENDED ORDER to provisions of statutes, regulations, and OTS Memoranda shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement pursuant to Section 401(h) of FIRREA, Pub. L. No. 101-73, Section 401(h) (1989), and references to successor provisions as they become applicable.
10. All technical words or terms used in this AMENDED ORDER, for which meanings are not defined or otherwise provided by the provisions of this AMENDED ORDER, shall, insofar as applicable, have the meaning set forth in Chapter V of Title 12 of the Code of Federal Regulations and any such technical words or terms used in this AMENDED ORDER and undefined in the Code of Federal Regulations shall have meanings that accord with the best custom and usage in the savings industry.
11. This AMENDED ORDER shall remain in effect until terminated by the OTS. All requests for termination of the order shall be submitted to the ARD. Upon review of any such request, the ARD shall make a recommendation to the Regional Director for denial or approval of the request. The Regional Director may grant a written request for termination or modification of the AMENDED ORDER if, in his opinion, Gateway has satisfactorily complied with the terms of this AMENDED ORDER for an appropriate period of time. The Regional Director's grant of such written request shall only be evidenced by the issuance of a written amendment to this AMENDED ORDER executed by a duly authorized representative of the OTS.
12. This AMENDED ORDER shall be effective as of the date it is issued by the OTS at which time it will supersede the ORDER.

OFFICE OF THRIFT SUPERVISION

By: 

John F. Robinson
Regional Director
Office of Thrift Supervision
West Region