

UNITED STATES OF AMERICA  
Before The  
OFFICE OF THRIFT SUPERVISION

In the Matter of )  
Vista Bank, Federal Savings )  
Bank )  
City of Industry, California )

Resolution No. SF-92-009

STIPULATION AND CONSENT ORDER TO CEASE AND DESIST

WHEREAS, Vista Bank, Federal Savings Bank ("Vista" or "Institution") is a "savings association" within the meaning of Section 3 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. 1813(b)) and Section 2 of the Home Owners' Loan Act (12 U.S.C. 1462), as amended by FIRREA ("HOLA"). Accordingly, Vista is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (12 U.S.C. 1813(c)).

WHEREAS, pursuant to Section 3(q) of the FDIA, as amended by FIRREA (12 U.S.C. 1813(q)), the Office of Thrift Supervision ("OTS") is the "appropriate Federal banking agency" to exercise administrative enforcement powers of section 8 of the FDIA (12 U.S.C. 1818) against the Institution. Therefore, Vista is subject to the authority of the OTS to initiate and maintain a cease and desist proceeding against it pursuant to Section 8(b) of the FDIA, as amended by FIRREA (12 U.S.C. 1818(b)).

WHEREAS, the OTS, based upon information gathered in the supervisory process and disclosed in the Report of Examination dated December 2, 1991, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Vista pursuant to Section 8(b) of the FDIA as amended by FIRREA (12 U.S.C. 1818(b)).

WHEREAS, Vista, by and through its Board of Directors, desires to cooperate with the OTS with respect to the matters covered in this Order to Cease and Desist ("Order"), and therefore, consents to the issuance by the OTS of this Order. Vista, by and through its Board of Directors, stipulates that it has read, understands, and agrees to abide by the terms and intent of this Order.

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WHEREAS, Vista waives its right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, as amended by FIRREA (12 U.S.C. 1818(b)), and further waives any right to seek judicial review of this Order, including any such right provided by Section 8(h) of the FDIA, as amended by FIRREA (12 U.S.C. 1818(h)), or to otherwise challenge the validity of this Order, and further waives any claims that this Order does not comply with all requirements of law.

WHEREAS, in consideration of the foregoing, the OTS, by and through its Regional Director for the West Region, OTS, and Vista, by its Board of Directors, executes this Stipulation and Consent Order to Cease and Desist.

ORDER

NOW THEREFORE, IT IS ORDERED that:

1. Vista and its Board of Directors, officers, employees, agents and service corporations and any other institution-affiliated party, as defined in Section 3(u) of the FDIA, as amended by FIRREA (12 U.S.C. 1818(u)) ("Institution-Affiliated Party"), shall cease and desist from any violation of, or the aiding and abetting of any violation of:
  - (a) 12 C.F.R. 563.160 dealing with classification of assets.
  - (b) 12 C.F.R. 563.170 dealing with record keeping requirements.
  - (c) 12 C.F.R. 567.2 dealing with risk weighting single-family and multi-family residential loans.
  
2. Within 45 days from the effective date of this Order Vista shall develop and submit, to the Assistant Regional Director ("ARD") for prior written approval, a plan(s) to substantially reduce Vista's level of classified and criticized assets and concentrations of loans to individual borrowers. The plan(s) shall establish specific reduction goals and timeframes wherein such goals will be achieved. The reduction goals shall be set in terms of (a) percentages of criticized assets to total assets, specific portfolios, and tangible capital; and (b) dollar amounts.

Once the ARD has granted approval for the plan(s) Vista shall submit, within 20 calendar days of the end of each calendar month, a report detailing its progress in meeting the established goals and the status of all criticized assets.

3. Within 90 days from the effective date of this Order Vista shall revise and/or develop, as applicable, the following policies and their respective implementing procedures:

- (a) General Valuation Allowances Policies;
- (b) Construction Lending Policies;
- (c) Secondary Marketing Policy;
- (d) Internal Asset Review Policy;
- (e) Multi-family Lending Policies;
- (f) Appraisal Review Policies; and,
- (g) Portfolio Concentration Policy.

Such revisions and/or new policies shall address, at a minimum, those deficiencies and supervisory concerns discussed with, and provided to, management during the most recent examination and summarized in the Report of Examination dated December 2, 1991.

4. Vista shall immediately undertake efforts to strengthen and improve its underwriting and credit administration practices. Such efforts shall include, at a minimum, the development of specific written underwriting criteria for each loan product offered by Vista and detailed written procedures for making and monitoring all such loans. Such criteria and procedures should, at a minimum, provide for safe and sound lending and credit administration and address the concerns detailed in the Report of Examination dated December 2, 1991, which relate to these areas.

Within 30 days of the effective date of this Order Vista shall submit to the ARD for prior written approval a detailed report of the steps taken, and planned, to comply with this Paragraph 4. Within 90 days of the effective date of this Order Vista shall submit to the ARD for prior written approval all documentation required by this Paragraph 4.

5. Vista's minimum regulatory capital requirements shall hereafter be as follows:

- (a) Tangible capital (as defined in 12 C.F.R. 567.9(b)) in an amount equal to or in excess of that required in 12 C.F.R. 567.9(a);
- (b) Core capital (as defined in 12 C.F.R. 567.5(a)) equal to or in excess of five (5) percent of the Institution's "Adjusted Total Assets" (as that term is defined in 12 C.F.R. 567.1(a)); and
- (c) Risk-based capital (as defined in 12 C.F.R. 567.6(a)) equal to or in excess of the Institution's "fully-phased in requirement" (which is defined as the minimum regulatory requirement pursuant to 12 C.F.R. 567.2(a)(1), exclusive of the transition rule contained in 12 C.F.R. 567.2(b)).

Vista shall make any and all necessary revisions to the Capital Plan ("Plan") submitted to this Office on February 4, 1992, in order to make it consistent with the terms of this Order. The Board of Directors shall submit a report(s) within 20 calendar days of the end of each calendar quarter detailing its compliance with the Plan and any additional efforts to increase the Institution's capital levels.

6. Without the prior written approval of the ARD, Vista shall not:
  - (a) Make or commit to make any new loans secured by multi-family dwellings (5 or more units). The ARD will not consider approval of requests to resume making such loans unless or until such time as the requirements of Paragraphs 3 and 4 above, as those paragraphs relate to multi-family lending, are satisfied to the satisfaction of the ARD. This provision shall not prohibit the funding of loans subject to legally binding commitments and/or loans-in-process in existence on or before the effective date of this Order;
  - (b) Increase its assets as calculated on a consolidated basis, above that amount of total assets the Institution reported as of December 31, 1991 (Section 5(t)(6)(b)(i) of the HOLA, prohibits any asset growth of an association not in compliance with its capital requirements);
  - (c) Improve the classification on any asset secured by multi-family dwellings and/or nonresidential properties which were criticized by OTS examiners as detailed in the Report of Examination dated December 2, 1991;
  - (d) Enter into any lease or contract for the purchase or sale of real estate or any interest therein, or buy or sell any real estate or any interest therein; and
  - (e) Make or commit to make any capital expenditure in excess of \$10,000.
7. The Board shall establish a general valuation allowance ("GVA") in an amount not less than \$1,472,000 as of December 31, 1991. In addition, Vista shall review the GVA, not less often than quarterly, to ensure adequate levels of GVA are maintained on an ongoing basis. Vista shall not reduce its GVA without the prior written approval of the ARD.
8. Vista shall not increase the current compensation or other benefits, paid to: (1) any director or officer; or (2) any employee, agent, or other representative earning combined compensation and benefits over \$50,000 per year. In addition, bonuses shall not be paid to any director, officer, employee, agent, or other representative without the prior written approval of the ARD.
9. Vista shall immediately take all necessary steps to add a member to its Board of Directors in order to bring the total number of directors to seven, as required by 12 C.F.R. Section 552.6-1(b). In addition, Vista shall submit monthly reports detailing its efforts to obtain an additional director.

DEFINITIONS

All technical words or terms used in this Order, for which meanings are not specified or otherwise provided by the provisions of this Order, shall, insofar as applicable, have meanings as defined in the Code of Federal Regulations, Title 12, Chapter V; or as defined in FIRREA; the FDIA; or HOLA; and any such words or terms undefined in the foregoing shall have meanings that accord with the best custom and usage in the savings association industry.

EFFECTIVENESS

This Order is effective immediately.

This Order shall remain effective and enforceable until such time as the OTS shall dismiss this final Order.

WHEREFORE, in consideration of the foregoing, the OTS, by and through the Regional Director for the West Region, OTS, on the one hand, and Vista, by and through its Board of Directors, on the other hand, execute this Stipulation and Consent Order to Cease and Desist.

BOARD OF DIRECTORS  
Vista Bank, Federal Savings Bank

Office of Thrift Supervision

/S/  
\_\_\_\_\_  
Richard Jampol  
/S/  
\_\_\_\_\_  
Michael Aien  
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Richard Arthur  
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Marvin Boffstein  
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Ken Heller  
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Ann Sparks

Date:  
2/27/92  
2/27/92  
2/25/92  
2-27-92  
2-26-92

/S/  
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Michael Patriarca  
Regional Director  
Office of Thrift Supervision  
West Region  
Eric Shand  
Acting Regional Director