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## SUPERVISORY AGREEMENT

This Supervisory Agreement (Agreement) is made and is effective this 15th day of June, 2000 (Effective Date), by and between **Pacific Southwest Bank**, (Bank), a stock-chartered savings association, having its main office located in Dallas, Texas; and the **Office of Thrift Supervision (OTS)**, an office within the United States Department of the Treasury, having its principal executive offices located at 1700 G Street, N.W., Washington, D.C., acting through its Midwest Regional Director or his/her designee (Regional Director).

**WHEREAS**, OTS is the primary federal regulator of the Bank; and

**WHEREAS**, OTS finds that the Bank seeks to voluntarily dissolve its business as a federally insured savings association; and

**WHEREAS**, OTS recognizes the previous actions of the Bank by the recent sale of its eight branches in an effort to voluntarily dissolve its business as a federally insured savings association, and its intentions to continue to comply with all applicable laws and regulations, and engage in safe and sound practices; and

**WHEREAS**, the Bank, acting through its Board of Directors (Board), and without admitting or denying any violations of laws or regulations and/or unsafe and unsound practices, wishes to cooperate with OTS and to evidence its intent to: (i) continue to comply with all applicable laws and regulations, and (ii) engage in safe and sound practices, until such time as the OTS issues an order approving the voluntary dissolution of the Bank.

**NOW THEREFORE**, in consideration of the above premises, the mutual undertakings set forth herein, the parties hereto agree as follows:

### **COMPLIANCE WITH LAWS, REGULATIONS & SAFE AND SOUND PRACTICES**

#### **1. Compliance with Regulations**

The Bank will continue to take all necessary and appropriate actions to confirm compliance with the following:

- (a) Section 563.41 of the OTS Regulations, 12 CFR § 563.41 (regarding loans and other transactions with affiliates and subsidiaries); and
- (b) Section 563.42 of the OTS Regulations, 12 CFR § 563.42 (regarding additional standards applicable to transactions with affiliates and subsidiaries).

## CORRECTIVE PROVISIONS

### 2. Asset Growth

After the effective date of the sale of the Bank's remaining branches to First Capital, SSB, Victoria, Texas, and pursuant to OTS Regulatory Bulletin 3b, dated November 26, 1996, the Bank shall not increase its Total Assets during any quarter, without the prior written non-objection of the Regional Director.

### 3. Deposits

- (a) Upon the effective date of this Agreement, the Bank shall not obtain any brokered deposits without the prior written non-objection of the Regional Director.
- (b) After the effective date of the sale of the Bank's remaining branches to First Capital, SSB, Victoria, Texas, the Bank shall not offer or issue any type of depository accounts, brokered or otherwise, that are insured by the Federal Deposit Insurance Corporation (FDIC).

### 4. Voluntary Dissolution

By June 30, 2000, the Bank shall file an application for voluntary dissolution pursuant to 12 USC § 1464(d)(3)(A) and 12 CFR § 546.4(c). To the extent that final numbers are not available- at June 30, 2000, the Bank shall submit preliminary numbers and shall amend the application within 10 days following the date final numbers are available.

### 5. Changes in Directors or Executive Officers; Terms of Employment and Golden Parachute Payments

- (a) As required by Section 32 of the Federal Deposit Insurance Act (FDIA), 12 USC Section 1831i, and Section 563, Subpart H of the OTS Regulations, 12 CFR § 563.550, et seq., the Bank shall provide to OTS at least 30 days prior written notice of any additions to its directorate or executive officer staff before the employment becomes effective.
- (b) Pursuant to OTS Regulatory Bulletin 27a, dated March 5, 1993, the Bank shall not enter into, renew, extend or revise any contractual arrangement related to compensation or benefits with any director or senior executive officer of the Bank or any subsidiary thereof, unless it first (i) provides a minimum of 30 days advance notice of a proposed transaction; and (ii) receives a written notice of non-objection from the Regional Director, after submitting a copy of the contract for his review.
- (c) The Bank shall not make any "golden parachute payment", as that term is defined in Section 18(k) of the FDIA, 12 USC § 1828(k), and as it may be further defined in

regulations adopted by the Federal Deposit Insurance Corporation (FDIC) under that authority, except for the Severance Plan already approved by the OTS and FDIC, as extended, unless it first (i) provides a minimum of 30 days advance notice of a proposed transaction; and (ii) receives a written notice of non-objection from the Regional Director.

- (d) Pursuant to OTS Regulatory Bulletin 27a, dated March 5, 1993, the Bank shall not increase the compensation of any senior executive officer or director of the Bank, or any subsidiary thereof, unless it first (i) provides a minimum of 30 days advance notice of a proposed transaction; and (ii) receives a written notice of non-objection from the Regional Director.

#### **6. Restrictions on Transactions With Affiliates**

Without first providing a minimum of 30 days advance notice of the proposed payment, and receiving a written notice of non-objection from the Regional Director with regard thereto, the Bank shall not engage in any transaction with any affiliate (including, but not limited to, service corporations and operating subsidiaries), except for transactions that comply with all applicable statutory and regulatory requirements of §§ 563.41 and 563.42 of the OTS Regulations, 12 CFR §§ 563.41 and 563.42, and either (a) the consideration paid or received is less than \$200,000.00 per transaction, or (b) an affiliate of the Bank purchases assets of the Bank for cash (at the greater of book value or fair market value) in the furtherance of a liquidation of the Bank's assets to enable the Bank to fund the closing of the sale of the remaining branches to First Capital, S.S.B..

#### **7. Third Party Contracts; TB 50 Review**

The Bank shall not enter into any third party contracts outside the normal course of business pursuant to OTS Thrift Bulletin 50, dated November 19, 1991, unless it first provides a minimum of ten days advance notice of a proposed transaction; and receives a written notice of non-objection from the Regional Director.

#### **8. Capital Distributions**

The Bank shall not make any capital distribution, as that term is defined in § 563.134(a)(1) of the OTS Regulations, 12 CFR § 563.134(a)(1), unless it first provides a minimum of 30 days advance notice of a proposed capital distribution; and receives a written notice of non-objection from the Regional Director.

### **MISCELLANEOUS**

#### **9. Director Responsibility**

Notwithstanding the requirements of this Agreement that the Board of the Bank submit various matters to the Regional Director for the purpose of receiving his approval, non-objection

or notice of acceptability, such regulatory oversight does not derogate or supplant each individual member's continuing fiduciary duty. The Board of the Bank shall have the ultimate responsibility for overseeing the safe and sound operation of the Bank at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

#### **10. Compliance with Agreement**

- (a) The Board and officers of the Bank shall take immediate action to cause the Bank to comply with the terms of this Agreement, and shall take all actions necessary or appropriate thereafter to cause the Bank to continue to carry out the provisions of this Agreement.
- (b) The Board of the Bank, on a quarterly basis, shall adopt a board resolution (Compliance Resolution) formally resolving that, following a diligent inquiry of relevant information (including reports of management), to the best of its knowledge and belief, during the immediately preceding calendar quarter, the Bank has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall specify in detail how, if at all, full compliance was found not to exist; and identify all notices of exemption or non-objection issued by the Regional Director that were outstanding as of the date of its adoption.
- (c) The minutes of the meeting of the Board of the Bank shall set forth the following information with respect to the adoption of each Compliance Resolution: (i) the identity of each director voting in favor of its adoption; and (ii) the identity of each director voting in opposition to its adoption or abstaining from voting thereon, setting forth each such director's reasoning for opposing or abstaining.
- (d) No later than the 25th calendar day of the month following the end of a calendar quarter, beginning with the end of the first calendar quarter following the Effective Date, the Bank shall provide to the Regional Director a certified true copy of the Compliance Resolution adopted at the Board meeting in such calendar quarter. The Board, by virtue of the Bank's submission of a certified true copy of each such Compliance Resolution to the Regional Director, shall be deemed to have certified to the accuracy of the statements set forth in each Compliance Resolution, except as provided below. In the event that one or more Directors do not agree with the representations set forth in a Compliance Resolution, such disagreement shall be noted in the minutes of the Bank.

#### **11. Definitions**

All technical words or terms used in this Agreement for which meanings are not specified or otherwise provided by the provisions of this Agreement shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda. Any such technical words or terms used in this Directive and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have

meanings that are in accordance with the best custom and usage in the savings and loan industry.

## **12. Successor Statutes, Regulations, Guidance, Amendments**

Reference in this Agreement 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 and references to successor provisions as they become applicable.

## **13. Notices**

Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted by the Directive to be made upon, given or furnished to, delivered to, or filed with OTS or the Bank, shall be in writing and mailed, first class or overnight courier, or means of electronic transmission, or physically delivered, and addressed as follows:

<b>OTS:</b> Midwest Regional Office 122 W. John Carpenter Fwy. Suite 600 Irving, TX 75039 (972) 281-2000 - Main Number (972) 281-2001 - Main Facsimile	<b>Bank:</b> Pacific Southwest Bank 2740 North Dallas Parkway Willow Bend Office Center I Suite 200 Plano, TX 75093 (972) 543-1440 - Main Number
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## **14. Duration, Termination or Suspension of Agreement**

- (a) This Agreement shall: (i) become effective upon its execution by OTS, through its authorized representative whose signature appears below; and (ii) remain in effect until terminated, modified or suspended in writing by OTS, acting through its Director or the Regional Director (including any authorized designee thereof).
- (b) The Regional Director in his or her sole discretion, may, by written notice, suspend any or all provisions of this Agreement.

## **15. Effect of Headings**

The Section headings herein are for convenience only and shall not affect the construction hereof.

## **16. Separability Clause**

In case any provision in this Agreement is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his/her sole discretion determines otherwise.

**17. No Violations of Law, Rule, Regulation or Policy Statement Authorized; OTS Not Restricted**

Nothing in this Agreement shall be construed as: (i) allowing the Bank to violate any law, rule, regulation, or policy statement to which it is subject; or (ii) restricting OTS from taking such action(s) that are appropriate in fulfilling the responsibilities placed upon it by law, including, without limitation, any type of supervisory, enforcement or resolution action that OTS determines to be appropriate.

**18. Successors in Interest/Benefit**

The terms and provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the parties hereto and the FDIC and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

**19. Signature of Directors**

Each Director signing this Agreement attests, by such act, that she or he, as the case may be, voted in favor of the resolution, in the form attached to this Agreement, authorizing the execution of this Agreement by the Bank.

**20. Enforceability of Agreement**

The Bank represents and warrants that this Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Bank. The Bank acknowledges that this Agreement is a "written agreement" entered into with OTS within the meaning of Section 8 of the FDIA, 12 USC Section 1818.

IN WITNESS WHEREOF, OTS, acting by and through the Regional Director, and the Bank, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

**OFFICE OF THRIFT SUPERVISION**

**PACIFIC SOUTHWEST BANK**

By:

By:

  
\_\_\_\_\_  
Frederick R. Casteel  
Midwest Regional Director

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President

**DIRECTORS OF THE BANK**

\_\_\_\_\_  
Yu-jeh Tung, Director

\_\_\_\_\_  
Hung-chui Hu, Director

\_\_\_\_\_  
Tao-tsun Sun, Director

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Chris Pon-yeen Lee, Director

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Chun-hung Lam, Director

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J. Ewing Walker, Jr., Director

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Larry Horner, Director

\_\_\_\_\_  
William P. Clark, Jr., Director

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Bill C. Bradley, Director

IN WITNESS WHEREOF, OTS, acting by and through the Regional Director, and the Bank, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

PACIFIC SOUTHWEST BANK

By:

By:

\_\_\_\_\_  
Frederick R. Casteel  
Midwest Regional Director

\_\_\_\_\_  
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President

DIRECTORS OF THE BANK

\_\_\_\_\_  
Yu-jeh Tung, Director

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Hung-chui Hu, Director

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Tao-tsun Sun, Director

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Chris Pon-yeon Lee, Director

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Chun-hung Lam, Director

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J. Ewing Walker, Jr., Director

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Larry Horner, Director

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William P. Clark, Jr., Director

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187  
Bill C. Bradley, Director

IN WITNESS WHEREOF, OTS, acting by and through the Regional Director, and the Bank in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

By:

Frederick R. Castal  
Midwest Regional Director

DIRECTORS OF THE BANK

151  
Yu-jeh Tung, Director

Tao-sun Sun, Director

Chun-hung Lim, Director

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Larry Horner, Director

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Bill C. Bradley, Director

PACIFIC SOUTHWEST BANK

By:

President

151  
Hung-chui Hu, Director

Chris Pon-yeah Lee, Director

J. Ewing Walker, Jr., Director

William P. Clark, Jr., Director

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OFFICE OF TRIFT SUPERVISION

PACIFIC SOUTHWEST BANK

By:

By:

Frederick R. Castiel  
Midwest Regional Director

President

DIRECTORS OF THE BANK

*151*  
Yu-jeh Tung, Director

Hung-chai Hu, Director

Tzo-tsun Sun, Director

Chris Pon-yeen Leo, Director

Chun-hung Lam, Director

J. Ewing Walker, Jr., Director

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Larry Hornet, Director

William P. Clark, Jr., Director

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Bill C. Bradley, Director

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THE OFFICE TRUST

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IN WITNESS WHEREOF, OTS, acting by and through the Regional Director, and the Bank, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF TRUST SUPERVISION

PACIFIC SOUTHWEST BANK

By:

By:

Frederick R. Cassel  
Midwest Regional Director

President

DIRECTORS OF THE BANK

Yu-jeh Tung, Director

Hung-chui Hsu, Director

Tao-tsun Sun, Director

Chris Pan-yeun Lee, Director

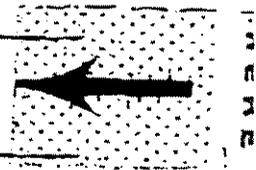
Chun-hung Lam, Director

J. Ewing Walker, Jr., Director

Larry Hornet, Director

William P. Clark, Jr., Director

Bill C. Bradley, Director



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**OFFICE OF THRIFT SUPERVISION**

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By:

By:

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Frederick R. Castrol  
Midwest Regional Director

\_\_\_\_\_  
President

**DIRECTORS OF THE BANK**

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Midwest Regional Director

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President

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Bill C. Bradley, Director

IN WITNESS WHEREOF, OTS, acting by and through the Regional Director, and the Bank, in accordance with a duly adopted resolution of its Board (copy attached hereto), hereby execute this Agreement as of the Effective Date.

OFFICE OF THRIFT SUPERVISION

PACIFIC SOUTHWEST BANK

By:

By:

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Frederick R. Castool  
Midwest Regional Director

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President

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President

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Tao-tsun Sun, Director

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Chris Pon-yeon Lee, Director

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Chun-hung Lam, Director

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/s/ J. Ewing Walker, Jr., Director

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Larry Horner, Director

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William P. Clark, Jr., Director

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Bill C. Bradley, Director

**CERTIFIED COPY OF  
RESOLUTION OF BOARD OF DIRECTORS**

I, the undersigned, being the duly appointed and qualified Secretary of Pacific Southwest Bank, Dallas, Texas (the "Bank"), hereby certify as follows:

1. A Unanimous Written Consent In Lieu of Meeting of The Board of Directors of the Bank dated May 24, 2000 was submitted to the Directors of the Bank;
2. The following is a true and correct copy of the resolutions duly adopted by the Bank's Board of Directors, which resolutions have not been rescinded or modified and are now in full force and effect:

WHEREAS, the Board of Directors of the Bank wishes to continue to cooperate with OTS, and to demonstrate that said Board and the Bank intend to continue to: (1) comply with all applicable laws and regulations; and (2) engage in safe and sound practices; and

WHEREAS, the Directors of the Bank have read and considered the proposed Agreement (Agreement) which shall be attached to the minutes of this meeting; and

WHEREAS, after due consideration, the Directors of the Bank have determined to cause the Bank to enter into the proposed Agreement which is in the best interest of the Bank;

NOW, THEREFORE, BE IT RESOLVED, that the Bank be and it hereby is authorized to enter into the agreement in the form attached to the minutes of the meeting.

FURTHER RESOLVED, that the execution and delivery of, and performance of all of the provisions of the Agreement be, and they hereby are, authorized and approved.

FURTHER RESOLVED, that the Directors and Officers of the Bank be, and they hereby are, authorized and directed to execute and deliver the Agreement and to take all steps necessary or appropriate to implement the terms of the Agreement and to cause the Bank to comply in all respects with the terms of the Agreement.

3. All members of the Board of Directors approved the resolution.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the Seal of the Bank on this the 9th day of June, 2000.

/s/   
 \_\_\_\_\_  
 Cathryn L. Porter  
 Secretary

(SEAL)