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UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of:

SUTTER BUTTES SAVINGS
AND LOAN ASSOCIATION
Yuba City, California

Enforcement Review Committee
Resolution No. 89-115

Dated: September 29, 1988

FEDERAL HOME LOAN BANK
AGENCY FUNCTIONS
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STIPULATION AND CONSENT
TO ISSUANCE OF
ORDER TO CEASE AND DESIST

The Office of Thrift Supervision ("OTS"), by and through its Enforcement Review Committee ("ERC"), and Sutter Buttes Savings and Loan Association, Yuba City, California, and its subsidiaries ("Sutter Buttes"), hereby stipulate to the following:

1. Consideration. The ERC based upon information reported to it, is of the opinion that the grounds exist to initiate an administrative proceeding against Sutter Buttes pursuant to 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") (to be codified at 12 U.S.C. § 1818(b)). Sutter Buttes desires to cooperate with the OTS and, without admitting or denying that such grounds exist, hereby agrees to execute this Stipulation and Consent to Issuance of Order to Cease and Desist. The OTS, desiring to promote the safe and sound operation of Sutter Buttes without investing time and expense into initiating and litigating an administrative cease and desist proceeding, hereby stipulates and agrees to forbear from initiating and litigating an administrative cease and desist proceeding in connection with the violation of Insurance Regulation 563.13-1 that occurred for the two-quarter period ended June 30, 1988.

2. Jurisdiction.

(a) Sutter Buttes is a "savings association" within the meaning of Section 3 of the FDIA and Section 2 of the Home Owners' Loan Act of 1933, as amended by FIRREA. Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, as amended by FIRREA (to be codified at 12 U.S.C. § 1813(c)).

(b) Pursuant to Section 3 of the FDIA, as amended by FIRREA, the Director of OTS is the "appropriate Federal Banking Agency" to maintain an enforcement proceeding against such a savings association. Therefore, Sutter Buttes 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 (to be codified at 12 U.S.C. § 1818(b)).

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ORDER TO CEASE AND DESIST

WHEREAS, Sutter Buttes Savings and Loan Association, Yuba City, California ("Sutter Buttes" or "Insured Institution") through its directors, has executed the attached Stipulation and Consent to Issuance of Order to Cease and Desist ("Stipulation") that is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Enforcement Review Committee; and,

WHEREAS, Sutter Buttes, in its stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("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") (to be codified at 12 U.S.C. § 1818(b)).

NOW, THEREFORE, IT IS HEREBY ORDERED that Sutter Buttes' directors and officers shall:

1. Immediately achieve and maintain compliance with all laws, rules, regulations and FHLBB guidelines and policy statements governing the following items:
 - a. Asset Classifications and Valuation Allowances including, but not limited to, Section 561.16c of the Insurance Regulations and Office of Regulatory Activities Regulatory Bulletin RB6;
 - b. Consumer Credit classified as Loss including but not limited to, Sections 561.16b and 563.46 of the Insurance Regulations;
 - c. Loans to One Borrower including, but not limited to, Section 563.9-3 of the Insurance Regulations;
 - d. Liability Growth including, but not limited to, Section 563.13-1 of the Insurance Regulations and Regulatory Bulletin 3a;

- e. Record Keeping of Business Transactions including, but not limited to, Section 563.17-1(c) of the Insurance Regulations;
 - f. Accounting Policies and Practices including, but not limited to, Section 563.23-3 of the Insurance Regulations; and,
2. By October 21, 1989, come into full compliance and maintain compliance thereafter with all laws, rules, regulations, and FHLBB guidelines and policy statements governing the following items:
- (a) Safe and Sound Management and Financial Policies including, but not limited to, Section 563.17 of the Insurance Regulations;
 - (b) Safe and Sound Appraisal Policies and Practices including, but not limited to, Section 563.17-1a of the Insurance Regulations;
 - (c) Safe and Sound Interest Rate Risk ("IRR") Management Policies including, but not limited to, Sections 563.17-6 and 571.3 of the Insurance Regulations;
3. By December 6, 1989, obtain and maintain a competent permanent management team for the Insured Institution acceptable to the Eleventh District Office of the Supervisory Agent of the OTS ("Supervisory Agent").
4. By October 6, 1989, the Board of Directors shall develop and file for review and approval of the Supervisory Agent, a Capital Plan for 1989 through 1991 acceptable to the Supervisory Agent for maintaining the Insured Institution's Regulatory Capital at a level not less than required by Insurance Regulation 563.13 ("Capital Plan").

Upon approval by the Supervisory Agent, the Board of Directors shall immediately adopt and implement the Capital Plan. No later than thirty (30) days after the calendar month in which the Capital Plan is approved by the Supervisory Agent, and within thirty (30) days following each calendar month thereafter, the Board of Directors shall file a narrative report stating either that the Insured Institution is in compliance with the Capital Plan, or that the Insured Institution is not in compliance, specifically outlining areas of non-compliance and the reasons for such non-compliance, how the Insured Institution intends to cure the area(s) of non-compliance, and the expected date when the Insured Institution shall cure the area(s) of non-compliance with the Capital Plan.

5. By October 6, 1989, develop and file for review and approval of the Supervisory Agent, an Operating Plan for 1989 through 1991. Upon approval by the Supervisory Agent, the Board of Directors shall immediately adopt and implement the Operating Plan.

In addition to detailing Sutter Buttes' operating strategy, the Operating Plan shall detail the plans to recapitalize the Insured Institution through the infusion of capital from external sources sufficient to increase and maintain tangible capital at a level commensurate with the risk of its operations and assets. The Insured Institution's Board of Directors shall monitor Sutter Buttes' adherence to the Operating Plan on a continuing basis and within thirty days from the end of the first complete calendar quarter following the date of this Order and the end of each quarter thereafter, shall submit to the Supervisory Agent a written report documenting its review of the Insured Institution's year-to-date operating results through the end of the preceding quarter. The report shall include a comparison of actual results against the projections of the Operating Plan and a detailed explanation of each deviation and a discussion of the steps taken or proposed to correct each deviation. The report shall also state the expected date when the Insured Institution shall cure the area(s) of non-compliance with the Operating Plan.

6. The Supervisory Agent shall have the authority to extend the time periods set forth in Paragraphs 2, 3, 4, and 5 above and to terminate or modify the Insured Institution's obligation to submit the reports required in Paragraphs 4 and 5 above as he deems appropriate and to advise the Insured Institution that it is in compliance with specific provisions of this Order at the request of the Insured Institution if the Supervisory Agent finds the Insured Institution to be in such compliance.

THE OFFICE OF THRIFT SUPERVISION

RSI
Rosemary Stewart
Secretary, Enforcement Review Committee
and Director of Enforcement