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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 18th day of September, 1991, by and between Universal Savings Bank, Orange, California, a state-chartered savings and loan association ("Universal" or "Institution"), for itself and any wholly-owned or partly-owned subsidiary, and the Office of Thrift Supervision ("this Office" or "OTS"). This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Institution. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of 12 U.S.C. Sections 1818(b)(1) and (b)(2), as amended by the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA"), Pub. L. No. 101-73, Sections 902 and 907 (1989).

WHEREAS, the OTS is of the opinion that the Institution has not complied with certain of the statutes and regulations to which the Institution is subject in conducting the business of the Institution and is operating in an unsafe and unsound manner, thereby providing grounds for the initiation of formal enforcement proceedings against the Institution by the OTS;

WHEREAS, by entering into this Agreement neither the Institution, nor any subsidiary, admits or denies that it has violated any statutes or regulations or has been operating in an unsafe and unsound manner; and

WHEREAS, in the interest of regulatory compliance and cooperation, the Institution is willing to enter into this Agreement to avoid the initiation of such formal enforcement proceedings.

NOW, THEREFORE, it is agreed between the parties hereto as follows:

I. STRATEGIC PLAN

Within 60 days of the effective date of this Agreement, the Institution shall prepare, adopt and submit to the Assistant Regional Director ("ARD") for review and approval, a written strategic plan ("Plan"). The Plan shall contain, at a minimum, the following components:

A. BUSINESS PLAN

The Board of Directors ("Board") shall develop and approve a comprehensive one year Business Plan. The Business Plan shall be fully implemented after review and approval by the ARD. Any material changes from the Business Plan shall require prior written approval by the ARD. A material change from the Business Plan will occur when the Institution: (i) engages in any type of activity not contained in or inconsistent with the Business Plan or in any type of activity that has not received the ARD's prior written approval or (ii) varies from the level of any activity contemplated in the Business Plan by more than 10 percent. The Business Plan shall include, but should not be limited to:

1. A discussion of the Institution's goals and objectives;
2. The Institution's proposed operating strategy for the next 12 months based on the identified goals and objectives; and
3. Pro forma financial statements which reflect the proposed operating strategy of the Institution.

Not later than 30 days after the first complete calendar month in which the Business Plan is approved by the ARD, and 30 days following each month thereafter, the Board shall file with the ARD a written report documenting its review of the Institution's year-to-date operating results through the end of the preceding calendar month. Such report shall include a comparison of actual results against the projections made in the Business Plan. If the actual results show a significant variance from the projections in the Business Plan, the report shall include an explanation of the difference and include a specific description of the measures implemented to correct or stop the variances or, in the event of variances resulting from changed economic conditions, recommendations for altering the Business Plan, if appropriate.

B. MANAGEMENT/ORGANIZATION PLAN

Universal shall develop an Organizational Plan and a Management Plan acceptable to the ARD. These Plans shall be designed to fully assess the Institution's staffing requirements and ensure that there is adequate staff to implement the Institution's Business Plan. The Organizational Plan shall, at a minimum, clearly define and delineate job responsibilities, communication channels, reporting lines of authority, and approval levels at the association. The Organizational Plan shall include a process and time limit within which Universal shall add a minimum of three directors, with at least two of the additional directors unaffiliated with Universal, or any principal and/or controlling persons. The Management Plan shall, at a minimum, have as its major goal the strengthening and enhancement of senior and middle management, especially in the areas of credit analysis, lending, construction lending and disbursements, internal audit, and compliance. The Management Plan shall provide for the appointment of a permanent Chief Executive Officer and Chief Lending Officer within 90 days from the date of this Agreement, and for the succession and supplementation of senior and middle management. The Management Plan shall also contain an organizational chart of the proposed management of Universal, including the identity of all officers, a description of their respective responsibilities, and the specific qualifications of each of the proposed officers. Immediately after these plans have been completed, copies of the plans shall be provided to the ARD, accompanied by a Board of Directors' resolution approving such plans. Furthermore, the Board of Directors of Universal shall take all necessary actions to ensure that management implements and ensures that these plans are adhered to throughout the Institution at every level, and that such plans are reviewed monthly and updated

to reflect the needs of the Institution as identified in the monthly reviews. The minutes of the Institution's Board meetings shall detail the Board's involvement in monitoring the implementation of the plans.

II. POLICIES AND PROCEDURES

Within 60 days of the effective date of this Agreement, the Board shall submit a resolution to the effect that policies and procedures regarding the following have been modified to the extent deemed necessary by management and the Board, reviewed and approved by the Board and are currently being utilized by the Institution:

- Internal Asset Review/General Valuation Allowances
- Real Estate Mortgage Lending
- Loan Servicing
- Real Estate Appraisals
- Environmental Risk
- Investment Securities
- Consumer Lending
- Human Resources
- Accounting
- Interest Rate Risk

Within 90 days of the effective date of this Agreement, the Board shall submit a resolution to the effect that policies and procedures regarding the following have been drafted, reviewed and approved by the Board and are currently being utilized by the Institution:

- Deposits/Borrowed Funds
- Mortgage Backed Securities
- Fixed Assets
- Other Assets/Liabilities
- Purchased Loans
- Real Estate Owned
- Letters of Credit
- Cash Flow and Liquidity Management
- Liquidity Funding
- Payment Systems Risk/Daylight Overdrafts

In addition to the above, the Board of Directors shall ensure:

- a. that adequate policies and procedures are developed, adopted and implemented for any material aspect of the operations of Universal;
- b. that such policies and procedures conform with all applicable regulatory requirements and provide for safe and sound operations;
- c. that Universal's personnel comply with such policies and procedures and that all appropriate actions are taken in the event of noncompliance by an employee and/or management; and

- d. that each exception and/or departure from the provisions of such policies and procedures are fully documented in the minutes of the meeting of the Board of Directors following discovery of such exception and/or departure with supporting rationale for permitting such exception and/or departure.

III. INTERNAL AUDIT

Within 120 days of the effective date of this Agreement, the Board of Directors shall evaluate the internal audit needs of the Institution and shall develop and submit an Internal Audit Policy and an Audit Plan ("Audit Policies") for review and approval by the ARD, which contain at a minimum various departmental and functional audit programs. More specifically the Audit Policies shall:

- a. Identify each member of the Audit Committee with no member of management included as a member of the Audit Committee;
- b. Specify all reporting relationships regarding the internal audit function and detailing the accountability of each member involved in those functions;
- c. Provide for at least quarterly reports by the Audit Committee to the Board of Directors. All Audit Committee findings, conclusions and proposed corrective actions shall be fully documented in the minutes of the meetings of the Board of Directors;
- d. Contain an analysis of the Institution's resources to determine whether the Audit Plan's goals can be completed by a current employee or whether outside assistance is required. In the event the Institution decides to utilize the services of an outside consultant, such consultant must have extensive, demonstrated experience in savings association audit procedures.

Upon receipt of written notice of nonobjection to the Internal Audit Policy and Audit Plan by the ARD, Universal's management shall implement and adhere to the Internal Audit Policy and Audit Plan immediately. The Audit Plan should specify in detail each area to be reviewed during the next 6 month period and should include, but not be limited to, the risk areas identified by management and shall be phased in during the remainder of 1991. The Policy and Plan shall be re-evaluated thereafter by the Board of Directors on an annual basis to determine adequacy and to identify additional areas to be included, modified or deleted.

IV. INTERNAL ASSET REVIEW

Within 60 days from the effective date of this Order, the Institution shall develop, adopt, and submit to the ARD for review and approval, specific policies and procedures to ensure that the Institution has an efficient internal asset review system. The internal asset review system shall, at a minimum, monitor potential loss, provide information for determining the adequacy of valuation allowances, and monitor compliance with applicable policies, procedures, laws, and regulations. More

specifically, the internal asset review system shall require that all fair value calculations be in accordance with generally accepted accounting principles and 12 C.F.R. § 563.234. Until the internal asset review system is established, the Institution shall not declassify any asset without the prior written approval of the ARD.

As used in this Agreement, the term "subsidiary" or "subsidiaries" includes all service corporations as defined in 12 C.F.R Section 561.45, and subsidiaries of such service corporations.

As used in this Agreement, the term "savings association" shall have the meaning as set forth in Section 2(4) of the Home Owners Loan Act ("HOLA"), as amended by Section 301 of FIRREA, Pub. L. No. 101-73, Section 301 (1989).

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 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.

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, and Federal Deposit Insurance Act, as amended ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in conformance with the best custom and usage in the savings and loan industry.

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.

~~This Agreement shall remain in effect until terminated or modified, in whole or in part, by the OTS. OTS will monitor compliance with this Agreement as soon as reasonably practicable with a view to modification or termination thereof, in the event that as a result of such monitoring it is determined that the Institution has complied with the applicable terms of this Agreement. All requests for termination or modification of this Agreement shall be submitted in writing to the ARD. The ARD may grant a written request for termination or modification of this Agreement if, in the ARD's opinion, the Institution has satisfactorily complied with the applicable terms of this Agreement for an appropriate period of time. The ARD's grant of such written request shall only be evidenced by the issuance of a written amendment to or termination of this Agreement executed by a duly authorized representative of the Office of Thrift Supervision.~~

The ARD may extend time frames in all applicable provisions of the Agreement for good cause shown.

The OTS does not by executing this Agreement relinquish any right to take any regulatory action with respect to the Institution. The Institution acknowledges that it has not received any oral or written representation to the contrary by the OTS or any of its agents or employees.

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This Agreement shall remain in effect until terminated or suspended by the OTS, acting through the ("ARD"), or his or her designee.

IN WITNESS WHEREOF, the OTS, acting through the ARD, and the Institution, by its duly elected directors, have executed this Agreement on the date first above written.

UNIVERSAL SAVINGS BANK

By: ISI
Director Sept. 13, 1991

By: ISI
Director

By: ISI
Director

By: _____
Director

By: _____
Director

By: _____
Director

OFFICE OF THRIFT SUPERVISION

By: ISI
Assistant Regional Director

UNANIMOUS WRITTEN CONSENT
OF THE
BOARD OF DIRECTORS OF
UNIVERSAL SAVINGS BANK
A California Savings and Loan Association

The undersigned, being all the directors of Universal Savings Bank, a California savings and loan association (the "Institution"), acting pursuant to Section 307(b) of the California Corporations Code and Section 4.9 of the Bylaws of the Institution, hereby adopt and approve the following resolutions by written consent without a meeting, which resolutions shall be valid and effective as of September 18, 1991, as if adopted at a duly called, noticed and held meeting of the Board of Directors:

WHEREAS, the directors of the Institution have been advised that the Office of Thrift Supervision (the "OTS") is of the opinion that the Institution has not complied with certain of the statutes and regulations to which the Institution is subject in conducting the business of the Institution and that it is operating in an unsafe and unsound manner, thereby providing grounds for the initiation of formal enforcement proceedings against the Institution by the OTS;

WHEREAS, it is proposed that the Institution enter into a supervisory agreement with the OTS (attached hereto as Exhibit A) (the "Agreement") in the interest of regulatory compliance and cooperation with the OTS;

WHEREAS, by entering into the Agreement on behalf of the Institution, the directors of the Institution neither admit nor deny that the Institution or any subsidiary of the Institution has violated any statutes or regulations or has been operating in an unsafe or unsound manner; and

WHEREAS, after due consideration, the directors of the Institution have determined that it is in the best interests of the Institution to enter into the Agreement.

NOW, THEREFORE, BE IT RESOLVED, that the Agreement, the provisions of which are incorporated herein by this reference, is hereby approved in all respects;

RESOLVED FURTHER, that the officers and employees of the Institution are hereby authorized to take any and all actions which they deem necessary or appropriate to immediately implement the terms of the Agreement; and

RESOLVED FURTHER, that any actions taken by any officer or employee of the Institution within the scope of the foregoing resolutions are hereby approved and ratified in all respects.

IN WITNESS WHEREOF, the undersigned have executed this Written Consent as of the date first written above.

JS/
J.S. Chang, Chairman

JS/
Donald A. Anderson

JS/
Visman L. Chow

JS/
Heau San Ma

JS/
Justin P. Wheatley