

**AGREEMENT**

This Agreement ("Agreement") is made and is made effective the 18 of September 1991, by and between Butte Savings and Loan Association, Chico, California ("Association") and the Office of Thrift Supervision ("OTS").

WHEREAS, the Association currently is not in compliance with the risk-based capital requirement set forth in 12 C.F.R. § 567.2(a)(1); and

WHEREAS, the OTS has determined pursuant to 12 C.F.R. § 567.3 that an individual minimum capital requirement should be imposed upon the Association and that other steps should be taken to improve the financial condition and operations of the Association; and

WHEREAS, on August 21, 1991, the Association and Sacramento Savings Bank ("SSB") entered into a Letter of Intent which states the proposed terms pursuant to which SSB would acquire the Association ("Letter of Intent"); and

WHEREAS, in the interest of resolving OTS' supervisory concerns in a cooperative manner, the Association and OTS agree as follows:

1. The Association shall attain by February 28, 1992, a level of core capital as defined at 12 C.F.R. § 567.5(a) equal to 4.5 percent of adjusted total assets as of June 30, 1991.

2. The Association shall acquire prior written approval from the Assistant Regional Director of the OTS, Western Region ("ARD") before upgrading any assets with a principal amount or

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carrying value in excess of one hundred and fifty thousand dollars (\$150,000).

3. The Association shall (a) within forty-five (45) calendar days from the Execution Date of this Agreement ("Execution Date") develop and implement a classified asset reduction plan, (b) submit such plan for approval by the ARD, and (c) adhere to such reduction plan once such reduction plan is approved by the ARD.

4. The Association shall (a) address all of the concerns noted in the Report of Examination as of June 24, 1991, by revising its policies and procedures relating to Loan Underwriting, Internal Asset Review, General Valuation Allowances, and Interest Rate Risk within ninety (90) calendar days from the Execution Date, (b) readopt and submit such policies and procedures for approval by the ARD, and (c) adhere to such policies and procedures once they are approved by the ARD. Any material deviations from the policies and procedures must be approved by the ARD prior to such deviation.

5. In the event that (a) the Association's regulatory capital is not in compliance with the requirements set forth in paragraph 1 hereof as determined by the ARD, or (b) the proposed acquisition of the Association by SSB is terminated by the parties or disapproved by the applicable regulatory authorities, whichever event should occur first, the Association shall be subject to the following:

i) The OTS, represented by the ARD, shall be authorized to negotiate a plan of merger, consolidation, transfer

of the Association's assets and liabilities, reorganization, or acquisition of, or capital infusion for, the Association ("Plan of Combination or Reorganization") or Management Services Agreement, and to draft proposed documents for any such Plan of Combination or Reorganization or Management Services Agreement.

ii) The Board of Directors shall immediately take under consideration any Management Services Agreement or Plan of Combination or Reorganization that is forwarded and recommended to the Board of Directors by the ARD, and shall within ten (10) days approve any such Management Services Agreement or Plan of Combination or Reorganization under which the interests of the depositors, other creditors, borrowers, and stockholders of the Association are protected.

iii) The Board of Directors shall recommend to the stockholders of the Association at a special shareholder's meeting held within forty (40) days of its approval of any Management Services Agreement or Plan of Combination or Reorganization approved by the Board of Directors pursuant to Paragraph 5(ii), if approval by the stockholders is necessary to effect such Plan of Combination or Reorganization.

iv) At the direction of the ARD, the Association shall take all corporate actions necessary to effect a Plan of Combination or Reorganization approved by the ARD and the Board of Directors of the Association pursuant to paragraph 5(ii) hereof, subject in each case to any stockholder approval required pursuant to paragraph 5(iii) hereof, or to provide for the management of its day-to-day operations in accordance with a

Management Services Agreement approved by the ARD. The ARD may execute, on behalf of the Association, any necessary or appropriate documents effecting such Management Services Agreement or Plan of Combination or Reorganization.

v) The Association shall take all reasonable steps to assist the ARD in any Plan of Combination or Reorganization, and shall pay for the marketing costs of such activity, including, but not limited to, the costs of having an independent auditing firm, selected by the ARD from the least expensive of not less than three (3) written proposals obtained by the ARD from auditing firms, or examiners or other agents of the OTS or the FDIC review the Association's books and records and prepare bid packages.

vi) Upon the request of the ARD, and subject to the execution of customary confidentiality agreements, the books and records of the Association shall be made available to the representatives of any institution, person, or entity negotiating with the OTS concerning a Management Services Agreement or a Plan of Combination or Reorganization.

vii) Each director of the Association hereby agrees to resign from the Association's Board of Directors and any officer position at the Association and to terminate the employment of any officer or employee of the Association or any person acting in that capacity upon the request of the ARD, at such time and in such order as the ARD shall request.

viii) Upon the request of the ARD, the Secretary or an acting Secretary for the Board of Directors shall request

the resignation of any or all of the directors and any officer or employee of the Association, or any person acting in that capacity.

ix) The Board of Directors and each director of the Association resolves and agrees to fill any vacancy in the directorate or management of the Association by electing as director or officer a person recommended or approved by the ARD; and the Board of Directors shall immediately take into consideration any such recommendation by the ARD and take action thereon.

x) The Board of Directors of the Association shall take any steps necessary to amend the bylaws of the Association to provide for such number of directors as the ARD shall recommend or to effect the election of any person to the Board of Directors who is recommended by the ARD.

xi) The Board of Directors shall take all steps necessary to release the Association from its liability under any management contract and to submit any renegotiated contract(s) to the ARD for prior written approval.

6. The ARD may require from time to time such written reports from the Association as, in his opinion, are necessary to assure him of the Association's compliance with the terms of this Agreement.

The directors of the Association shall take appropriate action to insure full compliance by the Association with the Requirements of this Agreement.

References in this Agreement to provisions of statutes or regulations shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this Agreement and reference to successor provisions as they become applicable.

All other 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, Home Owner's Loan Act ("HOLA"), or the Federal Deposit Insurance Act ("FDIA"). Any such technical words or terms used in this Agreement and undefined in said Code of Federal Regulations, HOLA, or FDIA shall have such meanings as would be consistent with the best custom and usage in the savings and loan industry.

This Agreement has been duly authorized, executed, and delivered, and constitutes, in accordance with its terms, a valid and binding obligation of the Association. It is understood and agreed that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA as amended by Title IX of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Pub. L. No. 101-73 ("FIRREA"), 103 Stat. 183, 446-506 and Section 204, 103 Stat. 183, 190-194 (1989).

The terms and provisions of the 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 consummation of the proposed acquisition of the Association by SSB or it is sooner terminated by the OTS, acting through the ARD or the RTC, as successor to the OTS. The ARD shall terminate this Agreement in the event that the OTS has determined that the Association's regulatory capital is in compliance with the requirements of paragraph 1 hereof or otherwise may terminate this Agreement in his or her sole discretion.

The OTS does not, by executing this Agreement, relinquish any right to take any regulatory action. The Association does not, by executing this Agreement, relinquish any right to oppose or contest any regulatory action.

IN WITNESS WHEREOF, the parties have executed this Agreement by their respective duly authorized officers or designated agents. A certified copy of the resolution of the Board of Directors of the Association authorizing the execution of this Agreement is attached hereto and made part hereof.

BUTTE SAVINGS  
AND LOAN ASSOCIATION

By: \_\_\_\_\_

Its: PRESIDENT & CEO

Its Board of Directors

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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Director

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Director

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Director

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Director

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Director

OFFICE OF THRIFT SUPERVISION

By 151  
Assistant Regional Director

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

I, the Undersigned, being duly qualified Secretary of Butte Savings and Loan Association, Chico, California, hereby certify that the following is a true copy of a resolution duly adopted by its Board of Directors at a meeting held on September 18, 1991, that at said meeting a quorum was present and voting throughout, and that said resolution has not been rescinded or modified and is now of full force and effect:

WHEREAS, the Association currently is not in compliance with the risk-based capital requirement set forth at 12 C.F.R. § 567.2(a)(1);

WHEREAS, the Office of Thrift Supervision ("OTS") has determined pursuant to 12 C.F.R. § 567.3 that an individual minimum capital requirement should be imposed upon the Association and that other steps should be taken to improve the financial condition and operations of the Association;

WHEREAS, the directors of the Association have read and considered the proposed Agreement attached to the minutes of the meeting of the Board of Directors held on September 18, 1991, and after due consideration, and in the interest of regulatory compliance and cooperation, have determined to enter in to the proposed Agreement:

NOW, THEREFORE, BE IT RESOLVED, that the proposed Agreement, a copy of which is attached hereto, be and is hereby consented to by the Board of Directors of the Association. The President of

the Association is authorized to sign and execute the Agreement on behalf of the Association. The officers and employees of the Association are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement.

BE IT FURTHER RESOLVED, that in the opinion of the Board of Directors, nothing contained in the Agreement requires the Board of Directors to breach its fiduciary duties to the stockholders of the Association.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Butte Savings and Loan Association, Chico, California, this 18 day of September, 1991.

JS  
\_\_\_\_\_  
Secretary

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