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SUPERVISORY AGREEMENT

This Supervisory Agreement ("Agreement") is made and is effective this 10th day of February, 1994 (the "Effective Date"), by and between Topa Savings Bank, FSB, (the "Association"), a federally chartered stock association, having its main office located at 1800 Avenue of the Stars, Suite 1200, Los Angeles, California 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 Regional Director or his designee ("Regional Director").

WHEREAS, the OTS is the primary federal regulator of the Association; and

WHEREAS, based on the Report of Examination dated September 20, 1993 ("ROE"), the OTS, by and through the Regional Director for the West Region or his designee is of the opinion that the Association has engaged in acts and practices in operating the business of the Association that are considered to be unsafe and unsound; and

WHEREAS, the OTS is of the opinion that grounds exist for the initiation of administrative proceedings against the Association; and

~~WHEREAS, the OTS is of the view that it is appropriate to take measures intended to ensure that the Association will engage in safe and sound practices; and~~

WHEREAS, the Association is currently operating under a Cease and Desist Order dated August 12, 1991 (the "Order") which requires, among other things, that the Association improve its loan appraisal policies and procedures, internal asset review policies and procedures and general valuation allowances methodology, and maintain a separation of the senior management and Board of Directors (the "Board") of the Association from the senior management and board of directors of its affiliated state chartered thrift and loan, Topa Thrift and Loan Association ("Topa Thrift"); and

WHEREAS, the OTS shall terminate the Order in accordance with the terms of the Order contingent upon execution of this Agreement; and

WHEREAS, the Board wishes to cooperate with the OTS and to evidence their intent to engage in safe and sound practices.

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

COMPLIANCE WITH SAFE AND SOUND PRACTICES

1. Business Plan.

A. The Association shall submit to the Assistant Regional Director ("ARD") a business and operating plan ("Business Plan") which: (i) demonstrates that as of June 30, 1994, the Association will have achieved a core capital ratio in an amount equal to or in excess of five percent (5%) and a risk-based capital ratio in an amount equal to or in excess of ten percent (10%), and is otherwise in compliance with all other capital requirements applicable to the Association as set forth in Parts 565 and 567 of the OTS Rules and Regulations; and (ii) provides a business and operating plan which will detail the Association's operating strategies and financial projections for the next 12 months and include, at a minimum, a discussion of the Association's short and long-term goals and objectives, pro forma financial statements which reflects the proposed operating strategy of the Association, and any proposed asset growth.

B. The Association shall achieve the capital levels required in this paragraph, to the extent not otherwise achieved, through the infusion of capital. However, the Association shall not reduce assets below the level reported in its Thrift Financial Report as of December 31, 1993, for the purpose of complying with the capital levels required in this paragraph. Assets may be reduced for purposes which are in accordance with prudent banking practices, such as, elimination of problem assets and/or the disposition of loans held for sale as of December 31, 1993.

C. Not later than March 15, 1994, the Association shall submit the Business Plan to the ARD for his review and comment and upon receipt of any written comments from the ARD regarding the Business Plan, the Association shall have 15 days to submit a revision of the Business Plan to the ARD. Once submitted pursuant to this Agreement, the Association shall implement and adhere to the Business Plan which may not be amended, suspended, or revoked without the prior written approval of the ARD.

2. Loan Policy.

A. The Association shall develop and submit a policy (the "Loan Policy") which shall establish prudent lending policies and procedures, particularly, loan underwriting guidelines, in compliance and consistent with OTS Rules and

Regulations, current OTS Bulletins, policies, guidelines and memoranda, and prudent banking practices. This Loan Policy shall, at a minimum, address the concerns and deficiencies noted in the 1993 ROE and recommendations in the Report of Examination dated October 26, 1992.

B. This Loan Policy shall be submitted not later than March 15, 1994 to the ARD for review and comment. Within 3 days of submission of the Loan Policy, the Association shall implement and adhere to such Loan Policy. Upon receipt of written comments from the ARD regarding the Loan Policy, the Association shall have 10 days to submit a revision of the Loan Policy to the ARD. Once submitted pursuant to this Agreement, the Loan Policy may not be amended, suspended, or revoked without the prior written approval of the ARD.

3. Separate Corporate Existence

The Association shall ensure that, at a minimum, a majority of the members of the Association's Board are not affiliated or in any way, associated with Topa Thrift and that the Association's senior management is separate and independent from the senior management of Topa Thrift. However, the Association and Topa Thrift may utilize common internal audit, savings, compliance and human resources departments with respect to internal operations and processing. Any official act, communication or conduct by the Association or Topa Thrift or their management shall be in a manner that unequivocally demonstrates to the public and their employees the distinct and separate corporate existence and responsibilities of the entities.

MISCELLANEOUS

4. Director Responsibility.

Notwithstanding the requirements of this Agreement that the Board 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 shall have the ultimate responsibility for overseeing the safe and sound operation of the Association at all times, including compliance with the determinations of the Regional Director as required by this Agreement.

5. Compliance with Agreement.

A. The Board and officers of the Association shall take immediate action to cause the Association to comply with the terms of this Agreement and shall take all actions necessary

or appropriate thereafter to cause the Association to continue to carry out the provisions of this Agreement.

B. The Board, on a quarterly basis, shall adopt a board resolution (the "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 Association has complied with each provision of this Agreement currently in effect, except as otherwise stated. The Compliance Resolution shall: (i) specify in detail how, if at all, full compliance was found not to exist, and (ii) 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 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 of this Agreement, the Association shall provide to the Regional Director a certified true copy of the Compliance Resolution(s) adopted at the Board meeting. The Board, by virtue of the Association'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 Association.

6. 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, Home Owners' Loan Act ("HOLA"), Federal Deposit Insurance Act ("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.

7. 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 that have been made as of the Effective Date of this Agreement and references to successor provisions as they become applicable.

8. Duration, Termination of Suspension of Agreement.

A. This Agreement shall: (i) become effective upon its execution by the OTS, through its authorized representative whose signature appears below; and (ii) remain in effect until terminated, modified or suspended in writing by the 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.

9. Time Limits.

Time limitations for compliance with the terms of this Agreement run from the Effective Date, unless otherwise noted.

10. Effect of Headings.

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

11. 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 sole discretion determines otherwise.

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

Nothing in this Agreement shall be construed as: (i) allowing the Association to violate any law, rule, regulation, or policy statement to which it is subject; or (ii) restricting the 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 the OTS determines to be appropriate.

13. 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, the Resolution Trust Corporation, and the Federal Deposit Insurance Corporation and their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Agreement.

14. Signature of Directors.

Each Director signing the 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 Association.

15. Integration Clause; Impact on Other Enforcement Documents.

This Agreement represents the final written agreement of the parties with respect to the subject matter hereof and constitutes the sole agreement of the parties, as of the Effective Date, with respect to such subject matter.

16. Enforceability of Agreement.

The Association 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 Association. The Association acknowledges that this Agreement is a "written agreement" entered into with the OTS within the meaning of Section 8 of the FDIA, 12 U.S.C. § 1818.

IN WITNESS WHEREOF, the OTS, acting by and through the Regional Director, and the Association, 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

TOPA SAVINGS BANK, FSB

By:

By:

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Name: Richard A. Sanchez
Title: Deputy Regional Director

Robert Hollman
Chief Executive Officer

DIRECTORS OF TOPA SAVINGS BANK, FSB

Director

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Director

Director

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Director

Director

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Director

Director

Director

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

I, the undersigned, being the duly appointed and qualified Secretary of Topa Savings Bank, FSB (the "Association") hereby certify as follows:

1. A duly called telephonic meeting of the Board of Directors of the Association was held on February 10, 1994;
2. At said meeting a quorum was present and voting throughout;
3. The following is a true copy of resolutions duly adopted by the Association'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 Association wishes to cooperate with the Office of Thrift Supervision to demonstrate that said Board and the Association have the intent to engage in safe and sound practices; and

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

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

~~NOW, THEREFORE, BE IT RESOLVED, that the Association to be is hereby 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 the provisions of the Agreement be, and they hereby are, authorized and approved;~~

~~FURTHER RESOLVED, that the Directors and Officers of the Association 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 Association to comply in all respects with the terms of the Agreement.~~

4. All members of the Board of Directors were present by telephonic device and voted at the meeting and all members of the Board of Directors voted in favor of the resolution.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association on this 16~~th~~ day of February, 1994.

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David Snyder, Secretary

FEBRUARY 16, 1994

Date

(SEAL)