

OFFICE OF THRIFT SUPERVISION

APPROVAL OF AN APPLICATION FOR CONVERSION TO FEDERAL SAVINGS ASSOCIATION CHARTER AND SERVICE CORPORATION NOTICE

Order No.: 99-53

Date: September 8, 1999

Pacific Trust Federal Credit Union, Chula Vista, California ("the Credit Union"), seeks approval (the "application") of the Office of Thrift Supervision (the "OTS") pursuant to 12 U.S.C. § 1464(e) and 12 C.F.R. §§ 543.8 and 543.9 for permission to convert from a Federally chartered, mutual credit union to a Federally chartered, mutual savings association to be known as Pacific Trust Bank, FSB (the "Savings Bank"). The Savings Bank will be a member of the Savings Association Insurance Fund. In addition, the Credit Union has filed a notice (the "notice"), pursuant to 12 U.S.C. § 1828(m) and 12 C.F.R. § 559.11, for the Savings Bank to operate a wholly owned service corporation, Alternate Insurance Services, Inc.

The Credit Union requests, pursuant to 12 U.S.C. § 1464(r)(3), that the Savings Bank be granted a temporary exception from 12 U.S.C. § 1464(r)(1) with respect to the Savings Bank's proposed Alabama branch.

The OTS has considered the application and the notice under the factors set forth in 12 U.S.C. §§ 1464(e) and 1828(m) and 12 C.F.R. §§ 543.2(g)(1), 543.8, 543.9 and 12 C.F.R. Part 559. In addition, the OTS has considered a digest from the West Regional Office and a legal opinion from the Business Transactions Division (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, the OTS finds that the application and the notice satisfy the applicable approval standards, provided that the following conditions are complied with in a manner satisfactory to the West Regional Director, or his designee ("Regional Director"). Accordingly, the application and the notice are hereby approved, subject to the following conditions:

1. The Credit Union and the Savings Bank must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the West Regional Office;
2. The proposed transaction must be consummated no later than 120 calendar days after the date of this approval order, unless an extension is granted for good cause by the Regional Director;

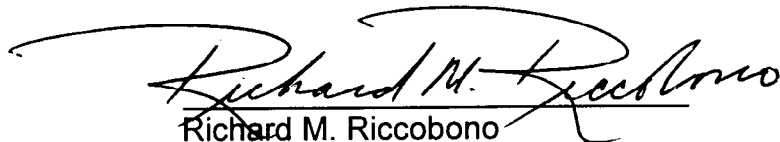
3. On the business day prior to the date of consummation of the proposed transaction, the Chief Financial Officer of the Credit Union must certify in writing to the OTS West Regional Office that no material adverse changes have occurred with respect to the financial condition or operation of the Credit Union since the date of the financial statements submitted with the application;
4. The Savings Bank must advise the West Regional Office, in writing, within five (5) calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the application, the notice, and this Order;
5. The Savings Bank must operate within the parameters of its business plan. The Savings Bank must submit any proposed major deviations or material changes from the plan for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 60 calendar days before the proposed change is implemented;
6. At least 30 calendar days prior to effecting the conversion, the Savings Bank must submit to the Regional Director for his review and approval, an enhanced compliance management program that includes, at a minimum, the following components:
 - a. The assignment of specific compliance responsibilities to individuals who are knowledgeable and experienced in administering consumer protection, nondiscrimination, and other compliance laws administered by the OTS;
 - b. Regular and comprehensive self-assessment reviews to ensure compliance on a day-to-day basis;
 - c. Periodic compliance audits;
 - d. Comprehensive training for all affected staff; and
 - e. Comprehensive written policies and procedures, which include sufficient detail regarding actions necessary to achieve regulatory compliance;
7. No later than 30 days after the end of each calendar quarter, the Savings Bank must submit a status report, in a form acceptable to the Regional Director, that details the implementation of its compliance management program and the results of its compliance monitoring efforts as required by the compliance management program. The reports shall be required until such time as the Regional Director deems them no longer necessary; and

submit a proposed methodology for collecting and monitoring loan distribution data by borrower income and geography for the institution's lending programs. This methodology must be acceptable to the Regional Director and should applied to all the institution's credit operations

In addition, pursuant to 12 U.S.C. § 1464(r)(3), the OTS grants the Savings Bank an exception from 12 U.S.C. § 1464(r)(1) for a period of six months following consummation of the proposed transaction, with respect to the Savings Bank's Foley, Alabama branch.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective September 8, 1999.

A handwritten signature in black ink, reading "Richard M. Riccobono". The signature is written in a cursive style with a large, sweeping initial "R" that extends to the left and loops back over the name.

Richard M. Riccobono
Deputy Director
Office of Supervision