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AGREEMENT

This Agreement ("Agreement") is made and is made effective the 11 of September 1991, by and between Paramount Savings Bank, Bakersfield, California ("Bank") and the Office of Thrift Supervision ("OTS").

WHEREAS, OTS is of the opinion that the Bank has engaged in certain unsafe or unsound practices in conducting the business of the Bank, and that these practices provide grounds for the initiation of cease-and-desist proceedings against the Bank by the OTS, and

WHEREAS, the Bank neither admits nor denies by entering into this Agreement that it engaged in unsafe and unsound practices in conducting the business of the Bank, and

WHEREAS, the Bank is required to submit a Capital Plan ("Plan") for approval by the OTS and this document incorporates any such approved Plan; and

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

1. The Bank shall acquire prior written approval from the Assistant Regional Director of the OTS, Western Region ("ARD") before upgrading any criticized asset.

2. The Bank shall within sixty (60) calendar days from the Execution Date of this Agreement ("Execution Date") employ, subject to the approval of the ARD, a part-time internal auditor.

3. The Bank shall within ninety (90) calendar days use its best efforts to elect to its Board of Directors, subject to the approval of the ARD, two additional outside directors.

4. The Bank shall within thirty (30) calendar days revise its bylaws to reflect that the minimum number of directors of the Bank is five directors.

5. The Bank shall (a) revise and readopt its policies and procedures relating to Internal Asset Review, General Valuation Allowances, and Interest Rate Risk within thirty (30) calendar days from the Execution Date, (b) 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.

6. A material failure or substantial failure, as determined by the ARD, to comply with (a) any or all of the minimum capital requirements or (b) any approved capital plan shall subject the Bank to the following:

i) The OTS, represented by the ARD, shall be authorized to negotiate a plan of merger, consolidation, transfer of the Bank's assets and liabilities, reorganization, or acquisition of, or capital infusion for, the Bank ("Plan of Combination or Reorganization") and to draft proposed documents for any such Plan of Combination or Reorganization.

ii) The Board of Directors shall immediately take under consideration, in a manner which is consistent with their fiduciary duties, any Plan of Combination or Reorganization that

is forwarded and recommended to the Board of Directors by the ARD, and shall within thirty (30) days approve any such Plan of Combination or Reorganization under which the interests of the shareholders, depositors, other creditors, and borrowers of the Bank are protected.

iii) The Board of Directors shall recommend to the stockholders of the Bank at a shareholder's meeting held within sixty (60) calendar days any Plan of Combination or Reorganization approved by the Board of Directors pursuant to paragraph 6(b), if approval by the stockholders or a portion thereof is necessary to effect such Plan of Combination or Reorganization.

iv) Following such approval, the Bank shall take all corporate actions necessary to effect such a Plan of Combination or Reorganization approved by the ARD. In the event the Bank fails to take all such necessary corporate actions, the ARD may execute, on behalf of the Bank, any necessary or appropriate documents effecting such Plan of Combination or Reorganization.

v) The Bank shall take all reasonable steps to assist the ARD in any Plan or 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, or examiners or other agents of the OTS or the FDIC review the Bank'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 Bank shall be made available to the representatives of any institution, person, or entity negotiating with the OTS concerning a Plan of Combination or Reorganization.

vii) Each director of the Bank hereby agrees to resign from the Board of Directors and any officer position at the Bank in connection with such Plan of Combination or Reorganization.

viii) Each director of the Bank who is a director of a subsidiary of the Bank hereby agrees to resign from the Board of Directors and any officer position of any subsidiary of the Bank in connection with such Plan of Combination or Reorganization.

ix) The Board of Directors and each director of the Bank resolves and agrees to fill any vacancy in the directorate or management of the Bank, and the Board of Directors shall immediately take into consideration, in a manner which is consistent with their fiduciary duties, any such recommendation by the ARD and take action thereon.

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

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

8. The directors of the Bank shall take appropriate action to insure full compliance by the Bank 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, 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 Bank. 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).

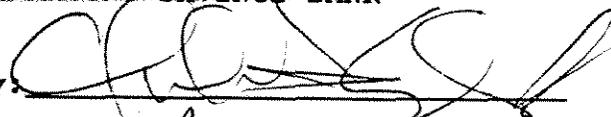
The terms and provisions of the Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their successors in interest.

This Agreement shall remain in effect until terminated by the OTS, acting through the ARD or the RTC, as successor to the OTS. The ARD 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 Bank does not, by executing this Agreement, relinquish any right to oppose or contest any regulatory action.

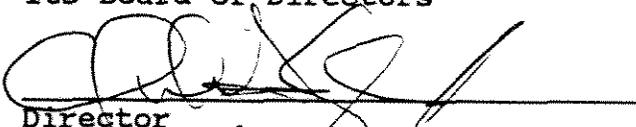
IN WITNESS WHEREOF, the parties have executed this Agreement by their respective duly authorized officers or designated agents. A certified copy of the resolution of the Board of Directors of the Bank authorizing the execution of this Agreement is attached hereto and made part hereof.

PARAMOUNT SAVINGS BANK

By: 

Its: PRESIDENT

Its Board of Directors


Director


Director

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

I, the Undersigned, being duly qualified Secretary of Paramount Savings Bank, Bakersfield, 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 11, 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:

RESOLUTION

WHEREAS, the executive officers and directors of Paramount Savings Bank, Bakersfield, California ("Bank"), have been advised that Office of Thrift Supervision ("OTS") representatives believe the Bank to have violated laws, rules or regulations to which the Bank is subject and/or to have engaged in unsafe or unsound practices in conducting the business of the Bank, and that such violations and/or practices provide grounds for the initiation of formal enforcement proceedings against the Bank, and

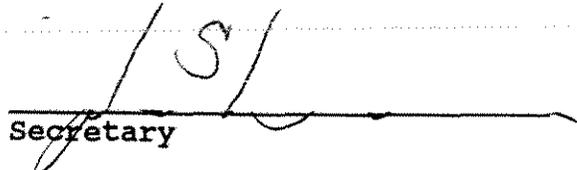
WHEREAS, said executive officers and directors have been informed that the OTS will forbear from initiation against the Bank of formal enforcement proceedings on the subjects covered by the attached Supervisory Agreement if it is executed by the Bank and if its terms are thereafter carried out by the Bank, and

WHEREAS, the directors of the Bank have read and considered the proposed Agreement ("Agreement") attached to the minutes of the meeting of the Board of Directors held on SEPTEMBER 11,

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 Bank. The president of the Bank is authorized to sign and execute the Agreement on behalf of the Bank. The officers and employees of the Bank are directed and authorized to take all necessary steps to implement immediately the terms of the Agreement. By executing the Agreement the executive officers and directors neither admit nor deny that the Bank has violated laws, rules or regulations to which the Bank is subject.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of Paramount Savings Bank, Bakersfield, California, this 11th day of SEPTEMBER, 1991.


Secretary

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