

WRITTEN AMENDMENT
TO THE
SUPERVISORY AGREEMENT
BETWEEN
BANK OF STOCKDALE, F.S.B.
AND THE
OFFICE OF THRIFT SUPERVISION

This Amendment to the Supervisory Agreement dated July 14, 1991 ("Agreement") is made and is effective this 16th day of September 1992 by and between Bank of Stockdale, F.S.B., Bakersfield, California (hereinafter "Stockdale" or the "Institution") and the Office of Thrift Supervision ("OTS"), an office of the United States Department of the Treasury. References in this Amendment to the Institution shall be understood to include all wholly owned or majority owned subsidiaries of the Institution unless a contrary meaning is apparent.

WHEREAS, the OTS is of the opinion that Stockdale has engaged in practices or failed to take certain actions in operating the business of the Institution that warrant supervisory correction;

WHEREAS, the OTS acknowledges that Stockdale has initiated and implemented some supervisory corrections; and,

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

NOW THEREFORE, IT IS AGREED that:

1. The Agreement is incorporated hereinto this Amendment by reference.
2. Paragraphs 1 through 4 of the Agreement are rescinded.
3. Stockdale shall within 60 days after the date of this Amendment shall submit to the OTS for its review and approval, a written policy on general valuation allowance ("GVA") methodology. Such GVA policy shall compute the adequacy of GVAs taking into consideration the factors described in the Report of Examination, dated May 4, 1992 ("ROE"), as well as methodologies discussed with management during the most recent examination, and such GVA policy shall include properly and timely recording the amount of GVA on the institution's books.

4. Stockdale shall within 30 days after the date of this Amendment, revise, and submit to OTS for its approval, a declassification policy as outlined with management and detailed in the ROE dated May 4, 1992. Furthermore, Stockdale shall obtain prior written approval from the OTS before reducing classifications, and Stockdale shall provide the OTS with a quarterly analysis and status report of its classified assets within 20 days of the end of each calendar quarter until such declassification policy has been approved by the OTS.

5. Stockdale shall provide to the Assistant Regional Director within 45 days of the date of this Agreement a revised Business Plan for the remainder of 1992 and 1993. This Business Plan should include the following:

- a. Plans for meeting current capital requirements as well as fully phased-in capital requirements.
- b. Plans to improve profitability, including the reduction of general and administrative expenses.
- c. Steps to be taken to reduce the high level of classified assets, including expected disposition dates of any nonperforming assets.

6. Stockdale shall adhere to its established comprehensive compliance strategy, including, but not limited to, the retention of a qualified Compliance/Community Reinvestment Act Officer and mechanisms for effective Board of Directors' oversight.

7. Stockdale shall continue to pursue its formalized Community Reinvestment Act program, which articulates specific goals, objectives, and accountabilities and is actively overseen, and periodically evaluated, by the Board of Directors, and shall maintain its targeted lending program for low- and moderate-income segments of its community.

8. This amendment is made pursuant to Paragraph 12 of the Agreement, and all other provisions of the Agreement remain in effect.

IN WITNESS WHEREOF, the OTS, acting through the Assistant Regional Director, and the Institution, acting through its duly elected directors, have executed this Amendment as of the date first above written.

OFFICE OF THRIFT SUPERVISION

BANK OF STOCKDALE, F.S.B.
BOARD OF DIRECTORS

By: _____

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