



**Conditional Approval #1090**  
**March 2014**

February 20, 2014

Mr. David Fawer  
Vice Chairman  
OneWest Bank, FSB  
888 East Walnut Street  
Pasadena, CA 91101

Re: Application to convert OneWest Bank, FSB, Pasadena, California, to a national banking association with the title of OneWest Bank, National Association, charter number 25079 and to conduct fiduciary activities.

OCC Control Numbers: 2013-WE-Conversion-134538  
2013-WE-Fiduciary-134772

Dear Mr. Fawer:

The Comptroller of the Currency (OCC) has reviewed your application to convert OneWest Bank, FSB to a national bank and retain all its branches. After a thorough review of all information available, and reliance upon the representations and commitments made in the application and by the bank's representatives, we find that your conversion application meets the requirements for conditional approval to convert to a national banking association pursuant to 12 CFR 5.24. The converting bank will operate under the title of OneWest Bank, National Association, headquartered in Pasadena, California, charter number 25079.

This conversion approval is subject to the following special condition:

Within ten (10) days after consummation of the conversion, OneWest Bank, National Association's Board of Directors shall execute a Stipulation and Consent to the Issuance of a Consent Order agreeing to the OCC's issuance of a Consent Order ("OCC Order") requiring OneWest Bank, National Association to adhere to the provisions of OTS Order WN-11-011 issued by the Office of Thrift Supervision on April 13, 2011 ("OTS Order"), which requires OneWest Bank, FSB to take certain actions to address its residential mortgage servicing and its initiation and handling of foreclosure proceedings. The provisions of the OTS Order shall be incorporated by reference into the OCC Order as if fully set forth therein. The OTS Order is administered by the OCC, pursuant to the

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Dodd-Frank Wall Street Reform and Consumer Protection Act, Pub. Law No. 111-203, § 311, 124 Stat. 1520-21 (2010), since July 21, 2011, and pursuant to the OCC Order, OneWest Bank, National Association will be required to adhere to the provisions and requirements of the OTS Order as though it remained in full force and effect subsequent to the charter conversion.

The condition of this approval is a condition “imposed in writing by a Federal banking agency in connection with any action on any application, notice, or other request” within the meaning of 12 USC 1818. As such, the condition is enforceable under 12 USC 1818.

The OCC has no objection to the converted bank continuing to hold the thirty-one active and conforming operating subsidiaries listed in the application. These entities engage in activities that fall under the following categories: (1) holding and managing other real estate owned for sale; (2) holding and managing certain loans secured by commercial real estate, consumer construction loans, and lot loans; (3) providing personnel-related services to the bank and its affiliates, including payroll, human resources support, and employee benefits programs; and (4) holding and managing bank investments in mortgage-backed securities, asset-backed securities, and whole loans. These activities are permissible for national bank operating subsidiaries. 12 CFR 5.34(e)(5)(v)(A), (B), (D), (Z), and (CC).

In addition to the conforming subsidiaries, the bank owns OneWest Services LLC. Some of the activities performed by OneWest Services LLC are not permissible for national banks. In a letter dated October 31, 2013 the Board of Directors made certain commitments regarding subsidiaries including a commitment to discontinue all of the activities of OneWest Services LLC within one year of the bank’s conversion.

This letter constitutes official OCC authorization to operate all of the branches of OneWest Bank, FSB as branches of the converted national bank. A detailed list of the branches and their assigned OCC branch certificate numbers will follow under separate cover following the effective date of the conversion.

If the bank desires to close a branch, the requirements of 12 USC 1831r-1 must be met, including the submission of a 90-day advance notice of the proposed branch closing to the OCC. Following the branch closing, a final closing notice should be submitted to the OCC and the branch authorization must be surrendered. In the event a branch is sold, the branch authorization should also be surrendered to the OCC.

The OCC also approves your proposal to conduct fiduciary powers pursuant to 12 USC 92a. This approval constitutes a permit to conduct the fiduciary powers requested in your application. 12 CFR 5.26(e)(4).

You will note that 12 CFR 9.4 places responsibility on the board of directors for the proper exercise of the bank’s fiduciary powers. However, the board may decide whether

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it shall supervise the administration of all such powers directly or assign any function related to such powers to any director, officer, employee, or committee.

The board should also provide for:

- A proper delineation of duties for trust officer(s) and committee(s).
- The pledging of securities to secure trust funds on deposit in the bank as required by 12 CFR 9.10(b).
- The designation of the officers or employees responsible for custody of the trust investments in conformity with 12 CFR 9.13(a).
- The deposit of securities with state authorities where required by local law, according to 12 CFR 9.14.

If the bank decides to surrender its fiduciary powers, it should notify the OCC in accordance with 12 CFR 9.17(a).

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. The institution must purchase adequate fidelity bond coverage in accordance with 12 CFR 7.2013, which lists the four factors the directors should consider to determine adequacy.
2. If a director, officer, employee or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 CFR Part 2, which, among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
3. The board of directors must adopt and have in place policies, practices and procedures to ensure the safe and sound operation of the bank. The board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them. We are enclosing the *Minimum Policies and Procedures* for national banks.
4. The bank has represented that it intends to maintain its membership in the Federal Home Loan Bank (FHLB) system. If, at any time the bank ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that the bank is not a member of the FHLB system.

5. The converting institution must apply to the Federal Reserve for membership.
6. The converting institution must ensure that all other required regulatory approvals have been obtained. Final authorization to operate as a national bank will not be given to an institution with a bank holding company until the Federal Reserve Board has approved the holding company.
7. The directors must own qualifying shares in conformance with 12 USC 72 and 12 CFR 7.2005.
8. If the converting institution is subject to the Home Mortgage Disclosure Act (HMDA), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
9. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion. Any changes to the executive officers or directors prior to conversion must receive a “no objection” from the OCC.

Upon completion of all steps required to convert to a national banking association, submit the “Conversion Completion Certification” (enclosed) certifying that you have done so. Please provide the OCC with at least 10 days advance notice of the conversion.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. Shortly after conversion, you will receive the charter certificate.

If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

OCC handbooks, manuals, issuances, and selected other publications are available in electronic form on our Web site <http://www.occ.gov/>. If you would like to subscribe to be notified when new OCC bulletins or alerts are issued, please see the instructions at <http://www.occ.gov/rss/index-rss.html>.

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our approval is based on the bank’s representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied

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occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

All correspondence regarding this application should reference the OCC control number. If you have any questions, contact Senior Licensing Analyst David Finnegan at (720) 475-7650, or email [David.Finnegan@occ.treas.gov](mailto:David.Finnegan@occ.treas.gov).

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may continue to improve our service.

Sincerely,

*signed*

James A. Bundy  
Director for District Licensing.

Enclosures: Conversion Completion Certification  
Minimum Policies and Procedures  
Survey Letter