



**Supervisory Condition Letter #2017-01**  
**April 2017**

May 19, 2016

Mr. Glenn E. Gray, CEO  
South County Bank, N.A.  
22342 Avenida Empresa  
Rancho Santa Margarita, CA 92688

Dear Mr. Gray:

The Office of the Comptroller of the Currency (“OCC”) received a request from South County Bank, N.A., Rancho Santa Margarita, dated April 28, 2016, to terminate the Consent Order between the Bank and the OCC dated January 24, 2011 (“2011 Consent Order”).

The OCC has authorized the termination of the 2011 Consent Order, subject to the condition that the Bank shall enter into a written Operating Agreement with the OCC on terms and conditions acceptable to the OCC. The Operating Agreement shall ensure that the Bank continues to comply with the requirements of its Strategic Plan. The Consent Order termination document and the form of Operating Agreement are attached to this letter.

This 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 U.S.C. § 1818. As such, the condition is enforceable under 12 U.S.C. § 1818.

This letter and the activities and communications by OCC employees in connection with the Bank’s request and this OCC action, 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. The foregoing may not be waived or modified by an employee or agent of the OCC or the United States.

If you have any questions regarding the foregoing, please contact Problem Bank Specialist C. Welch at (202) 649-6450.

Sincerely,

/s  
Wendell C. Walker  
Acting Director for Special Supervision