

FEDERAL DEPOSIT INSURANCE CORPORATION

Re: Legacy Bank (In Organization)
Murrieta, Riverside County, California

Application for Federal Deposit Insurance (Modification of Conditions)

SECOND AMENDED ORDER AND BASIS FOR APPROVAL

WHEREAS, on December 14, 2020, the Federal Deposit Insurance Corporation (“FDIC”) approved an application submitted on behalf of Legacy Bank (“Proposed Bank”), a proposed new state non-member bank to be located in Murrieta, Riverside County, California, for Federal deposit insurance with membership in the Deposit Insurance Fund, and issued a Deposit Insurance Order (the “Original Order”), subject to a number of conditions;

WHEREAS, condition #19 of the Original Order provided that if Federal deposit insurance had not become effective by December 14, 2021, or unless, in the meantime, a written request for an extension of time had been approved by the FDIC, the consent granted would expire at the end of that time period;

WHEREAS, on December 9, 2021, the FDIC consented to the Proposed Bank’s request for a modification of condition #19, to provide that if Federal deposit insurance has not become effective by April 30, 2022, or unless, in the meantime, a written request for an extension of time has been approved by the FDIC, the consent granted shall expire at the end of this time period (the “Amended Order”);

WHEREAS, on March 2, 2022, James B. Jones, a member of the Board of Directors of the Proposed Bank, filed a written request with the FDIC on behalf of the Proposed Bank, requesting a second extension of time in accordance with condition #19 of the Amended Order;

WHEREAS, the undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, has fully considered all available facts and information relevant to the factors of Section 6 of the Federal Deposit Insurance Act and relating to the written request for a second extension of time by the Proposed Bank as prescribed in condition #19 of the Amended Order;

WHEREAS, on April 22, 2022, the undersigned, acting on behalf of the Board of Directors of the FDIC, pursuant to delegated authority, approved the Proposed Bank’s written request for a second extension of time as prescribed in condition #19 of the Amended Order;

NOW THEREFORE, the FDIC hereby consents to a modification of the Amended Order, such that the Second Amended Order now provides:

1. That initial paid-in capital funds shall not be less than \$25,000,000.
2. That the Bank must operate within the parameters of the Business Plan submitted to the FDIC, including the revised financial information provided in the October 25, 2021 extension request. During the first three years of operation, the Bank shall seek prior approval from the FDIC’s San Francisco Regional Director for any proposed major deviation or material change from the submitted Business Plan.

3. That during the first three years of operations, the Bank shall notify the FDIC's San Francisco Regional Director of any plans to establish a loan production office at least 60 days prior to opening the facility.
4. That the Bank shall pay no dividends during the first three years of operations without prior written approval of the FDIC's San Francisco Regional Director and the California Department of Financial Protection and Innovation.
5. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to the addition of any individual to the Board of Directors or the employment of any individual as a senior executive officer of the Bank.
6. That prior to opening the proposed main office and branch of the Bank, the Bank shall obtain the prior written non-objection of the FDIC's San Francisco Regional Director and the approval of the Bank's chartering authority.
7. That during the Bank's first three years of operation, the Bank must obtain the written non-objection of the FDIC's San Francisco Regional Director prior to implementing any change(s) in the duties, responsibilities, or authorities of any director or senior executive officer. Such notice shall be submitted at least 30 days prior to the proposed change(s), and the notice shall fully describe the reason(s) for such change(s). The term "senior executive officer" shall have the meaning set forth in 12 C.F.R. 303.101.
8. That prior to executing final employment agreements and compensation arrangements for any senior executive officer, and prior to the institution commencing operations, the institution shall submit copies of, and obtain the San Francisco Regional Director's written non-objection of, the final employment agreements and compensation arrangements.
9. The Tier 1 capital-to-assets leverage ratio will be maintained at not less than 10 percent throughout the first three years of operation, and an adequate allowance for loan and lease losses will be provided.
10. The proposed bank holding company, Legacy Bancorp, shall obtain approval of the Board of Governors of the FRS to acquire voting stock control of the proposed depository institution prior to its opening for business.
11. Prior to the opening of the Bank, the Soboba Band of Luiseno Indians (Tribe) and the Bank shall execute the Commitment Letter in the form attached. The Tribe and the Bank agree to comply with the terms of the Commitment Letter throughout the life of the Bank.
12. That the Bank will adopt an accrual accounting system for maintaining the financial records of the Bank in accordance with U.S. Generally Accepted Accounting Principles.
13. That Federal deposit insurance will not become effective until the Bank has been granted a charter and has authority to conduct banking business, and that its establishment and operation as a depository institution has been fully approved by the appropriate federal and state supervisory authorities.

14. That the Bank submit any proposed contracts, leases, or agreement relating to construction or rental of permanent quarters to the FDIC San Francisco Regional Director for review and comment.
15. That prior to the Bank's opening, full disclosure has been made to all proposed directors and stockholders of the facts concerning the interest of any insider in any transactions being effected or then contemplated, including the identity of the parties to the transaction and the terms and costs involved. An "insider" is one who: (i) is or is proposed to be a director, officer, or incorporator of the Bank; (ii) a shareholder who directly or indirectly controls 10 percent or more of any class of outstanding voting stock; or (iii) the associate or interests of any such person.
16. The person(s) selected to serve as the principal operating officer(s) shall be acceptable to the appropriate FDIC Regional Director.
17. That prior to the effective date of Federal deposit insurance, the Bank must obtain adequate fidelity coverage.
18. The institution shall obtain an audit of its financial statements by an independent public accountant annually for at least the first three years after deposit insurance is effective and shall submit to the appropriate FDIC Regional Director, (i) a copy of the audited annual financial statements and the independent public auditor's report thereon within 90 days after the end of the depository institution's fiscal year, (ii) a copy of any other reports by the independent auditor (including any management letters) within 15 days after their receipt by the institution, and (iii) written notification within 15 days when a change in the institution's independent auditor occurs.
19. That if the Federal deposit insurance has not become effective by July 31, 2022, which is seven and one-half months from the expiration date of the Original Order, or unless, in the meantime, a written request for an extension of time by the Bank has been approved by the FDIC, the consent granted shall expire at the end of this time period on said date.
20. Until the FDIC's conditional commitment becomes effective, the FDIC retains the right to alter, suspend, or withdraw its commitment if warranted.

By Order of the Deputy Regional Director of the San Francisco Regional Office, acting pursuant to delegated authority for the Board of Directors of the FDIC.

Dated at San Francisco, California this 22nd day of April, 2022.

/S/
Paul P. Worthing
Deputy Regional Director