



Federal Deposit Insurance Corporation

550 17th St. NW Washington DC, 20429

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**VIA FACSIMILE AND BY CERTIFIED RETURN RECEIPT REQUESTED**

Mr. Gerald J. Ford  
200 Crescent Court  
Suite 1350  
Dallas, Texas 75201

Ford Diamond III Corporation  
200 Crescent Court  
Suite 1350  
Dallas, Texas 75201  
Attention: J. Randy Staff

Diamond A Ford, L.P.  
200 Crescent Court  
Suite 1350  
Dallas, Texas 75201  
Attention: Gerald J. Ford

Subject: Fremont Investment & Loan, Brea, California  
Interagency Notice of Change in Control

Dear Messrs. Ford and Staff,

On June 8, 2007, Gerald J. Ford (Ford), Ford Diamond III Corporation (FD3), and Diamond A Financial, LP (DAF), (collectively, the "Ford Group") filed with the Federal Deposit Insurance Corporation (FDIC) an Interagency Notice of Change in Bank Control regarding the proposed acquisition of control of Fremont Investment & Loan, Brea, California (Bank). Thereafter, the Ford Group amended the notice by letter dated August 21, 2007 from C.F. Muckenfuss, III to Christopher J. Spoth and Stan Ivie (said notice, as amended, is herein referred to as the "Notice").

We have considered all the information, representations, agreements, and commitments related to the statutory factors in the Change in Bank Control Act of 1978, 12 U.S.C. 1817(j), (CIBCA) including, but not limited to, the information submitted in connection with the Notice and the representations, commitments and agreements by the Ford Group, FGC, and the Bank. We have also considered the views of the State of California Department of Financial Institutions. Based on the information, representations, commitments, and agreements, the FDIC

hereby conveys its intent not to disapprove the acquisition proposed in the Notice, subject to the following condition:

1. Prior to consummation of the proposed acquisition, Ford (in his capacity as General Partner of DAF and as an individual), FD3, DAF and the Bank shall execute the Parent Company Agreement (attached to this letter) with the FDIC.

An acquisition that is inconsistent with the information, representations, agreements, conditions, or commitments may be viewed as a violation of the CIBCA and may result in enforcement action. Any material changes to the information or representations provided in the Notice, for example, changes in financial or other conditions, must be immediately reported, in writing, to the San Francisco Regional Office. Should you have any questions, please contact Regional Director Stan R. Ivie at (415) 808-8052.

Sincerely,



Sandra L. Thompson  
Director

Enclosures

cc:

Michael A. Kelley, Commissioner, California Department of Financial Institutions

Gibson, Dunn & Crutcher LLP  
1050 Connecticut Avenue, N.W.  
Washington, DC 20036  
Attention: C.F. Muckenfuss, III, Esquire  
Fax: (202) 530-9568

Skadden, Arps, Slate, Meagher & Flom LLP  
Four Times Square  
New York, New York 10036  
Attention: William S. Rubenstein, Esquire  
Fax: (917) 777-2642

## PARENT COMPANY AGREEMENT

This Parent Company Agreement (Agreement), is made and entered into as of August 21, 2007, by and among the **Federal Deposit Insurance Corporation**, a Federal banking agency having its principal office in Washington, D.C. (FDIC), **Diamond A Financial, L.P. (DAF)**, organized under the laws of the State of Texas as a limited partnership, **Ford Diamond III Corporation, (FD3)**, a corporation organized under the laws of the State of Texas, **Gerald J. Ford, (Ford)**, and **Fremont Investment and Loan**, a California-chartered nonmember industrial bank located in Brea, California (Bank).

**WHEREAS**, generally, pursuant to the Change in Bank Control Act, 12 U.S.C. § 1817(j), no person may acquire control of a state-chartered, nonmember bank unless it gives the FDIC at least sixty days prior written notice and unless the FDIC does not disapprove the proposed acquisition; and

**WHEREAS**, on June 8, 2007, Ford, FD3, and DAF submitted a notice of change in control with respect to the Bank which notice was subsequently amended by letter dated August 21, 2007 from C.F. Muckenfuss, III to Christopher J. Spoth and Stan Ivie (said notice, as amended, is herein referred to as the "Notice"); and

**WHEREAS**, pursuant to the Notice, Ford, FD3, and DAF plan to acquire approximately 25% of the outstanding voting shares of Fremont General Corporation (FGC) which owns 100% of the voting stock of the Bank; and

**WHEREAS**, on July 28, 2006 the Board of Directors of the FDIC ("Board") imposed a six-month moratorium on deposit insurance applications and change in control notices with respect to industrial banks; and

**WHEREAS**, on January 31, 2007 the Board extended the moratorium for one year with respect to industrial banks that would be controlled by companies engaged in, or that have investments in, nonfinancial activities; and

**WHEREAS**, Ford, FD3, DAF, and the Bank desire that the FDIC issue a letter of intent not to disapprove the Notice (Letter of Non-Disapproval) and have offered to enter into this Agreement and to submit to such conditions as the FDIC may deem necessary in order to issue a Letter of Non-Disapproval; and

**WHEREAS**, the Agreement will enable the FDIC to better identify, evaluate, and control the potential risks to the Bank and to the Deposit Insurance Fund;

**NOW, THEREFORE**, if the FDIC accepts the Notice and issues a Letter of Non-Disapproval, Ford (individually and as general partner of DAF), FD3, DAF, and the Bank agree to perform and/or comply with the following provisions, as specifically applicable to each party:

- I. DAF, directly or indirectly, will not:
  - A. invest, or retain an investment, in any company in which a Non-Financial Ford Company invests, or is invested, if the aggregate investment of DAF, FD3, and the Non-Financial Ford Company exceeds five percent of such company's outstanding voting stock;
  - B. invest in, make any loan or extension of credit to, obtain any loan or extension of credit from, or permit any direct or indirect investment in DAF by, any Non-Financial Ford Company;
  - C. transfer any assets to, or receive any assets from, any Non-Financial Ford Company; or
  - D. compensate Ford or FD3 as general partners of DAF in any manner dependent on the performance of any Non-Financial Ford Company .
  
- II. FD3, directly or indirectly, will not:
  - A. invest, or retain an investment, in any company in which a Non-Financial Ford Company invests, or is invested, if the aggregate investment of FD3, DAF, and the Non-Financial Ford Company exceeds five percent of such company's voting stock;
  - B. invest in, make any loan or extension of credit to, obtain any loan or extension of credit from, or permit any direct or indirect investment in FD3 by, any Non-Financial Ford Company; or
  - C. transfer any assets to, or receive any assets from, any Non-Financial Ford Company.
  
- III. Ford will not permit any Non-Financial Ford Company to compensate the general partners or investment advisers of such companies in any manner dependent on the performance of DAF or its subsidiaries.
  
- IV. FD3 and DAF hereby consent to examination by the FDIC of DAF and FD3 and each of their subsidiaries to monitor compliance with the provisions of the Federal Deposit Insurance Act (the "FDI Act") or any other federal law that the FDIC has specific jurisdiction to enforce against such company or subsidiary and those governing transactions and relationships between any depository institution subsidiary and its affiliates.

V. FD3 and DAF shall each

- A. submit to the FDIC an initial listing of all of its subsidiaries and update the list annually;
- B. engage, directly or indirectly, only in financial activities;
- C. submit to the FDIC an annual report regarding its operations and activities, in the form and manner prescribed by the FDIC, and such other reports as may be requested by the FDIC to keep the FDIC informed as to financial condition, systems for monitoring and controlling financial and operating risks, and transactions with the Bank; and compliance by it and its subsidiaries with applicable provisions of the FDI Act or any other Federal laws that the FDIC has specific jurisdiction to enforce against such company or any subsidiary;
- D. maintain such records as the FDIC may deem necessary to assess the risks to the Bank or to the Deposit Insurance Fund; and
- E. cause an independent annual audit of the Bank to be performed during the first three years after the Bank becomes a subsidiary of DAF.

VI. The Bank will provide the FDIC with written notice of its intention to take any of the following actions at least 30 days in advance:

- A. make a material change in its business plan during the first three years after the FDIC's issuance of a Letter of Non-Disapproval;
- B. add or replace a member of the board of directors of the Bank during the first three years after the FDIC's issuance of a Letter of Non-Disapproval;
- C. add or replace a senior executive officer during the first three years after the FDIC's issuance of a Letter of Non-Disapproval;
- D. employ a senior executive officer who is associated in any manner (e.g. as a director, officer, employee, agent, owner, partner, or consultant) with an affiliate of the Bank; or
- E. enter into any contract for services essential to the operations of the Bank (for example, loan servicing function) with FD3 or DAF, or any subsidiary thereof.

## **Miscellaneous Provisions.**

### Definitions.

- 1) The term "Board of Directors" includes, for a corporation, the board of directors, and for a limited liability company, the board of managers or the managing members, as appropriate.
- 2) The term "investment adviser" has the meaning given it in the Investment Company Act of 1940, 15 U.S.C. 80a-2(a)(20).
- 3) The term "Non-Financial Ford Company" means any company, and each subsidiary of any company, that (i) is engaged in activities that are not financial activities, and (ii) is controlled by Ford.
- 4) The term "financial activity" means: (1) banking, managing or controlling banks or savings associations; (2) any activity permissible for financial holding companies under 12 U.S.C. 1843(k), any specific activity that is listed as permissible for bank holding companies under 12 U.S.C. 1843(c) and activities that the Federal Reserve Board (FRB) has permitted for bank holding companies under 12 CFR 225.28 and 225.86, and (3) any activity permissible for all savings and loan holding companies under 12 U.S.C. 1467a(c).
- 5) The term "subsidiary" means any company that is directly or indirectly controlled by another company, and "control" has the meaning given it in 12 U.S.C. 1817(j)(8) and includes the presumption of control at 12 C.F.R. 303.82(b)(2).
- 6) Other terms used in this Agreement that are not otherwise defined herein have the meanings given them in section 3 of the FDI Act, 12 U.S.C. 1813.

Enforceability as a Written Agreement. In addition to any other remedies provided by law, this Agreement is binding and enforceable by the FDIC as a written agreement pursuant to Section 8 of the FDI Act (12 U.S.C. 1818).

Authority. The Board of Directors of the Bank has approved a resolution authorizing the Bank to enter into this Agreement, and the Board of Directors of FD3 has approved a resolution authorizing FD3 to enter into the Agreement. Certified copies of each resolution are attached hereto as Exhibits A and B, respectively, and incorporated herein by reference.

Governing Laws. This Agreement and the rights and obligations hereunder shall be governed by and shall be construed in accordance with the Federal law of the United States, and, in the absence of controlling Federal law, in accordance with the laws of the State of New York.

No Waiver. No failure to exercise and no delay in the exercise of, any right or remedy on the part of any of the parties to this Agreement shall operate as a waiver or termination of such right or remedy. Further, any exercise or partial exercise of any right or remedy relating to this Agreement will not preclude any further exercise of such right or remedy or any other right or remedy.

No Oral Change. This Agreement may not be modified, amended, changed, discharged, terminated, released, renewed or extended in any manner except by a writing signed by all of the parties.

Addresses. Any correspondence or submission required by the Agreement shall be provided in writing and shall be delivered by hand or sent by United States express mail or commercial express mail, postage prepaid, and addressed as follows:

If to the DAF:

**Diamond A Ford, L.P.**  
200 Crescent Court, Suite 1350  
Dallas, TX 75201

**Ford Diamond III Corporation**  
200 Crescent Court, Suite 1350  
Dallas, TX 75201.

**Gerald J. Ford**  
200 Crescent Court, Suite 1350  
Dallas, TX 75201.

If to the Bank:

**Fremont Investment and Loan**  
2727 East Imperial Highway  
Brea, California 92821

If to the FDIC:

Associate Director, Division of Supervision and Consumer Protection  
Supervision and Applications Branch  
**Federal Deposit Insurance Corporation**  
550 17<sup>th</sup> Street, NW  
Washington, D.C. 20429

No Assignment. This agreement may not be assigned or transferred, in whole or in part, without the prior written consent of the FDIC.

Complete Agreement. This Agreement is the complete and exclusive statement of the agreement between the parties concerning the commitments set forth in the Agreement, and supersedes all prior written or oral communications, representations and agreements relating to the subject matter of these paragraphs.

Termination. This Agreement shall terminate upon receipt by the FDIC of satisfactory evidence that each company that controls the Bank is subject to Federal consolidated bank supervision by the Federal Reserve Board or the Office of Thrift Supervision, except that liabilities arising out of any violations of the terms of this Agreement occurring prior to such event, together with the rights and remedies with respect to such violations, shall survive termination of this Agreement.

**IN WITNESS WHEREOF,** the parties hereto have duly executed this Agreement as of the day and year indicated above.

**Gerald J. Ford**

\_\_\_\_\_

**Ford Diamond III Corporation**

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

**Diamond A Ford, L.P.**

By its General Partners:

\_\_\_\_\_  
Gerald J. Ford

Ford Diamond III Corporation

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

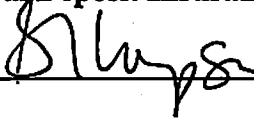


**Fremont Investment and Loan**

By: \_\_\_\_\_

Printed Name and Title: \_\_\_\_\_

**Federal Deposit Insurance Corporation**

By:  \_\_\_\_\_

Sandra L. Thompson, Director  
Division of Supervision and Consumer Protection