



March 2, 2009

Mr. Neil M. Barofsky
Special Inspector General
Office of the Special Inspector General
Troubled Asset Reliefs Program
1500 Pennsylvania Ave., N.W. Suite 1064
Washington, D.C. 20220

Dear Mr. Neil Barafsky:

This is a response to your letter dated February 6, 2009 in regards to the information requested.

The CalWest Bancorp "Company" received the TARP funds as Preferred Stock Capital on January 23rd, 2009 for the amount of \$4,656,000. The Company conducts its banking activities under South County Bank, a wholly owned subsidiary of CalWest Bancorp.

South County Bank, "Bank" is a community Bank with total assets of \$192 million that services small to medium size businesses located in Southern California in the Orange, Riverside, and San Bernardino Counties. The Bank is currently active in renewing business commercial loans, and originating new commercial, small business administration (SBA) loans, and construction loans to qualified borrowers under stringent underwriting standards. The Bank is also active in purchasing qualified investment securities such as Ginnie Mae (GNMA) and agency qualified mortgage back securities.

1(a). South County Bank is using the TARP capital funds to renew and originate quality commercial, construction and SBA loans. The Bank will continue to invest the excess liquidity from its operations in Federal Funds sold and GNMA / Agency mortgage back securities. (b) (4)

(b) (4)

1(b). The TARP Capital is recorded as Preferred Stock capital on the CalWest Bancorp's general ledger. The preferred stock capital account is a separate account and does not include any other institutional capital funds.

1(c) The attached schedules shows the lending and Investment activities for South County Bank. The Bank has renewed \$11.4 million between October 2008 and February 2009, and originated \$14.7 million in new loans during the same period. From January 1, 2009 to February 28, 2009, the Bank has purchased investments securities (GNMA, Federal Farm Credits, FNMA and FHLMC) totaling \$14.1 million.

1(d). The Bank's deposits, the funds from loan payoffs, and investments maturities will be used to originate new commercial and SBA loans. Also, any excess liquidity will be invested in overnight fed funds sold and investment securities.

2. The CalWest Bancorp's Compensation Committee met on February 19, 2009. The committee reviewed with senior risk officers the SEO (Senior Executive Officer) incentive compensation arrangements. The committee made reasonable efforts to ensure that compensation arrangements do not encourage SEOs to take unnecessary and excessive risks that threaten the value of the financial institution. As a small community Bank, the compensation scale for SEOs is well below the amount specified in subsection 111(b) (3) of the Emergency Economic Stabilization Act of 2008. The Compensation Committee will continue to monitor the SEOs compensation arrangements and provide the necessary certifications to the Office of the Special Inspector General for Troubled Asset Relief Program.

If you have any questions, please feel free to call me at (949)766-3000. I certify the accuracy of statements, representations, and supporting information provided in this response.

Sincerely,



Najam Saiduddin
Executive VP and Chief Financial Officer

Cc: Thomas E. Yott, Chief Executive Officer and President

**SOUTH COUNTY BANK
RENEWED LOANS REPORT**

Borrower City	Borrower State	Renewed Loans	Current Loan Date	Borrower Type	Credit Limit	Loan Proceeds	Current Balance
RIVERSIDE	CA	renew	10/2/2008	Personal	\$ 500,000.00	\$ -	\$ 82,042.20
LAGUNA BEACH	CA	renew	1/22/2009	Personal	\$ 66,000.00	\$ -	\$ 66,000.00
MISSION VIEJO	CA	renew	10/6/2008	Personal	\$ 1,000.00	\$ -	\$ 791.33
SUN CITY	CA	renew	12/5/2008	Business	\$ -	\$ 110,500.00	\$ 90,641.36
TUSTIN	CA	renew	12/8/2008	Business	\$ 180,000.00	\$ -	\$ 122,914.42
SUN CITY	CA	renew	12/5/2008	Business	\$ -	\$ 238,000.00	\$ 117,133.04
RANCHO SANTA MARGARI	CA	renew	10/5/2008	Business	\$ 250,000.00	\$ -	\$ -
FULLERTON	CA	renew	10/10/2008	Business	\$ 200,000.00	\$ -	\$ 190,275.00
RANCHO SANTA MARGARI	CA	renew	12/10/2008	Business	\$ 150,000.00	\$ -	\$ -
LAGUNA HILLS	CA	renew	11/15/2008	Business	\$ -	\$ -	\$ 241,921.11
MISSION VIEJO	CA	renew	10/15/2008	Business	\$ 250,000.00	\$ -	\$ -
ORANGE	CA	renew	11/15/2008	Business	\$ 100,000.00	\$ -	\$ -
SAN JUAN CAPISTRANO	CA	renew	10/5/2008	Business	\$ 300,000.00	\$ -	\$ -
GARDEN GROVE	CA	renew	12/15/2008	Business	\$ 150,000.00	\$ -	\$ -
TUSTIN	CA	renew	12/15/2008	Business	\$ 100,000.00	\$ -	\$ 19,850.29
IRVINE	CA	renew	2/11/2009	Business	\$ 65,000.00	\$ -	\$ 63,350.00
SAN JUAN CAPISTRANO	CA	renew	2/20/2009	Business	\$ 50,000.00	\$ -	\$ 50,000.00
HUNTINGTON BEACH	CA	renew	11/15/2008	Business	\$ 75,000.00	\$ -	\$ -
SAN BERNARDINO	CA	renew	10/30/2008	Business	\$ 150,000.00	\$ -	\$ 104,248.36
REDLANDS	CA	renew	1/16/2009	Business	\$ -	\$ -	\$ 405,000.00
SAN BERNARDINO	CA	renew	10/13/2008	Business	\$ 260,869.71	\$ -	\$ -
SAN BERNARDINO	CA	renew	10/13/2008	Business	\$ 274,615.41	\$ -	\$ -
PEORIA	AZ	renew	10/10/2008	Business	\$ 400,000.00	\$ -	\$ 400,000.00
REDLANDS	CA	renew	12/19/2008	Business	\$ 250,000.00	\$ -	\$ 249,942.71
RIVERSIDE	CA	renew	1/7/2009	Business	\$ 125,000.00	\$ -	\$ -
COTO DE CAZA	CA	renew	12/9/2008	Business	\$ 15,000.00	\$ -	\$ 10,899.16
COTO DE CAZA	CA	renew	12/9/2008	Business	\$ 5,000.00	\$ -	\$ -
LAGUNA BEACH	CA	renew	11/15/2008	Business	\$ 50,000.00	\$ -	\$ -
RANCHO SANTA MARGARI	CA	renew	12/3/2008	Business	\$ 75,000.00	\$ -	\$ 67,198.30
CAPISTRANO BEACH	CA	renew	2/20/2009	Business	\$ 75,000.00	\$ -	\$ 65,739.00
RIALTO	CA	renew	1/29/2009	SBA	\$ -	\$ 665,000.00	\$ -
SAN JUAN CAPISTRANO	CA	renew	11/2/2008	Construction	\$ -	\$ 270,000.00	\$ 255,000.00
REDLANDS	CA	renew	11/21/2008	Construction	\$ 170,000.00	\$ -	\$ 85,000.00
RIVERSIDE	CA	renew	1/7/2009	Construction	\$ 3,391,500.00	\$ -	\$ 2,496,403.39
REDLANDS	CA	renew	12/12/2008	Construction	\$ 509,000.00	\$ -	\$ 508,563.49
HUNTINGTON BEACH	CA	renew	1/11/2009	Construction	\$ 3,206,000.00	\$ -	\$ 633,308.22
SAN DIMAS	CA	renew	1/16/2009	Construction	\$ -	\$ 180,170.33	\$ 178,093.94

TOTAL RENEWED CREDITS	\$ 11,393,985.12	\$ 1,463,670.33	\$ 6,504,315.32
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**SOUTH COUNTY BANK
NEW LOANS ORIGINATED**

Borrower City	Borrower State	New Loans	Original Loan Date	Borrower Type	Credit Limit	Loan Proceeds	Current Balance
SAN FRANCISCO	CA	new	10/9/2008	Personal	\$ -	\$ 10,000.00	\$ 9,489.41
RANCHO SANTA MARGARI	CA	new	10/27/2008	Personal	\$ -	\$ 14,000.00	\$ 13,427.63
IRVINE	CA	new	10/15/2008	Personal	\$ -	\$ 10,000.00	\$ 9,096.02
SAN BERNARDINO	CA	new	10/27/2008	Personal	\$ -	\$ 275,640.00	\$ 268,364.58
ONTARIO	CA	new	10/30/2008	Personal	\$ -	\$ 13,000.00	\$ 12,037.17
TARZANA	CA	new	12/30/2008	Personal	\$ -	\$ 99,304.15	\$ -
CALABASAS	CA	new	12/30/2008	Personal	\$ -	\$ 75,000.00	\$ 75,000.00
HUNTINGTON BEACH	CA	new	2/4/2009	Personal	\$ -	\$ 100,000.00	\$ 100,000.00
NEWPORT BEACH	CA	new	2/13/2009	Personal	\$ 26,000.00	\$ -	\$ 26,000.00
HUNTINGTON BEACH	CA	new	2/19/2009	Personal	\$ -	\$ 23,500.00	\$ 23,500.00
ONTARIO	CA	new	12/8/2008	Personal	\$ 5,000.00	\$ -	\$ -
MISSION VIEJO	CA	new	12/17/2008	Personal	\$ 500.00	\$ -	\$ -
SAN FRANCISCO	CA	new	12/22/2008	Personal	\$ 3,000.00	\$ -	\$ 2,786.63
SAN CLEMENTE	CA	new	2/24/2009	Business	\$ -	\$ 194,230.15	\$ 194,230.15
RANCHO MIRAGE	CA	new	10/10/2008	Business	\$ -	\$ 406,000.00	\$ -
RIVERSIDE	CA	new	11/12/2008	Business	\$ -	\$ 37,000.00	\$ 35,507.04
ANAHEIM HILLS	CA	new	11/28/2008	Business	\$ -	\$ 200,000.00	\$ 193,846.70
THOUSAND OAKS	CA	new	11/28/2008	Business	\$ -	\$ 293,340.00	\$ 289,887.58
IRVINE	CA	new	11/28/2008	Business	\$ -	\$ 20,345.36	\$ 17,029.49
FOOTHILL RANCH	CA	new	11/26/2008	Business	\$ -	\$ 75,000.00	\$ 70,451.87
RIVERSIDE	CA	new	12/8/2008	Business	\$ -	\$ 247,448.90	\$ 247,448.90
LAGUNA HILLS	CA	new	12/12/2008	Business	\$ -	\$ 93,377.43	\$ 75,621.91
SANTA CLARITA	CA	new	2/1/2009	Business	\$ -	\$ 98,000.00	\$ -
AGOURA HILLS	CA	new	12/30/2008	Business	\$ -	\$ 400,000.00	\$ 400,000.00
CHINO HILLS	CA	new	1/26/2009	Business	\$ -	\$ 88,000.00	\$ 87,026.52
IRVINE	CA	new	1/16/2009	Business	\$ -	\$ 11,809.51	\$ 11,342.31
ESCONDIDO	CA	new	1/29/2009	Business	\$ -	\$ 100,000.00	\$ 98,895.75
RANCHO CUCAMONGA	CA	new	2/19/2009	Business	\$ -	\$ 25,000.00	\$ 25,000.00
PERRIS	CA	new	2/1/2009	Business	\$ -	\$ 100,000.00	\$ -
RIVERSIDE	CA	new	12/8/2008	Business	\$ -	\$ 5,634.80	\$ -
LAGUNA NIGUEL	CA	new	2/25/2009	Business	\$ -	\$ 2,971.82	\$ 2,971.82
LAGUNA NIGUEL	CA	new	2/25/2009	Business	\$ -	\$ 6,388.09	\$ 6,388.09
STANTON	CA	new	2/25/2009	Business	\$ -	\$ 88,256.16	\$ -
IRVINE	CA	new	12/24/2008	Business	\$ -	\$ 20,000.00	\$ -

IRVINE	CA	new	1/23/2009	Business	\$ -	\$ 265,837.91	\$ 265,837.91	\$ 265,837.91	\$ 265,837.91
LAGUNA BEACH	CA	new	10/1/2008	Business	\$ 30,000.00	\$ -	\$ -	\$ 20,000.00	\$ 20,000.00
SAN DIEGO	CA	new	10/8/2008	Business	\$ 300,000.00	\$ -	\$ -	\$ -	\$ -
ANAHEIM	CA	new	11/18/2008	Business	\$ 75,000.00	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
IRVINE	CA	new	12/1/2008	Business	\$ 150,000.00	\$ -	\$ -	\$ -	\$ -
GARDEN GROVE	CA	new	11/21/2008	Business	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00	\$ 100,000.00
HUNTINGTON BEACH	CA	new	1/26/2009	Business	\$ 25,000.00	\$ -	\$ -	\$ -	\$ -
SEAL BEACH	CA	new	12/12/2008	Business	\$ 1,000,000.00	\$ -	\$ -	\$ 1,000,000.00	\$ 1,000,000.00
SAN BERNARDINO	CA	new	12/26/2008	Business	\$ 50,000.00	\$ -	\$ -	\$ 40,213.88	\$ 40,213.88
SAN BERNARDINO	CA	new	2/2/2009	Business	\$ 500,000.00	\$ -	\$ -	\$ 192,065.36	\$ 192,065.36
SAN BERNARDINO	CA	new	1/9/2009	Business	\$ 500,000.00	\$ -	\$ -	\$ 306,615.41	\$ 306,615.41
SAN BERNARDINO	CA	new	2/11/2009	Business	\$ 200,000.00	\$ -	\$ -	\$ 200,000.00	\$ 200,000.00
REDLANDS	CA	new	2/11/2009	Business	\$ 500,000.00	\$ -	\$ -	\$ 301,500.00	\$ 301,500.00
RIVERSIDE	CA	new	1/30/2009	Business	\$ 50,000.00	\$ -	\$ -	\$ 50,000.00	\$ 50,000.00
LAKE FOREST	CA	new	2/11/2009	Business	\$ 200,000.00	\$ -	\$ -	\$ 1,245.52	\$ 1,245.52
LAGUNA NIGUEL	CA	new	2/23/2009	Business	\$ 750,000.00	\$ -	\$ -	\$ 324,506.93	\$ 324,506.93
SAN CLEMENTE	CA	new	2/6/2009	Business	\$ 5,000.00	\$ -	\$ -	\$ 3,268.86	\$ 3,268.86
RANCHO SANTA MARGARI	CA	new	10/27/2008	Business	\$ 100,000.00	\$ -	\$ -	\$ 76,128.00	\$ 76,128.00
IRVINE	CA	new	11/12/2008	Business	\$ 50,000.00	\$ -	\$ -	\$ 49,615.69	\$ 49,615.69
LADERA RANCH	CA	new	1/20/2009	Business	\$ 100,000.00	\$ -	\$ -	\$ -	\$ -
LAGUNA BEACH	CA	new	10/22/2008	SBA	\$ -	\$ 100,000.00	\$ 100,000.00	\$ 97,418.29	\$ 97,418.29
ORANGE	CA	new	12/18/2008	SBA	\$ -	\$ 250,000.00	\$ 250,000.00	\$ 248,645.80	\$ 248,645.80
DIAMOND BAR	CA	new	10/22/2008	SBA	\$ -	\$ 50,000.00	\$ 50,000.00	\$ 48,574.68	\$ 48,574.68
SAN DIEGO	CA	new	10/10/2008	SBA	\$ -	\$ 900,000.00	\$ 900,000.00	\$ 885,148.66	\$ 885,148.66
NORTHRIDGE	CA	new	11/17/2008	SBA	\$ -	\$ 945,000.00	\$ 945,000.00	\$ 943,058.63	\$ 943,058.63
LA CANADA	CA	new	11/17/2008	SBA	\$ -	\$ 21,000.00	\$ 21,000.00	\$ 20,654.22	\$ 20,654.22
LAGUNA BEACH	CA	new	2/9/2009	SBA	\$ 165,000.00	\$ -	\$ -	\$ 103,009.56	\$ 103,009.56
HUNTINGTON BEACH	CA	new	2/17/2009	SBA	\$ 175,000.00	\$ -	\$ -	\$ 175,000.00	\$ 175,000.00
SOUTH EL MONTE	CA	new	10/30/2008	SBA	\$ 150,000.00	\$ -	\$ -	\$ 129,495.04	\$ 129,495.04
IRVINE	CA	new	2/17/2009	SBA	\$ 300,000.00	\$ -	\$ -	\$ 5,000.00	\$ 5,000.00
SOUTH EL MONTE	CA	new	12/18/2008	Construction	\$ 2,255,000.00	\$ -	\$ -	\$ 399,815.58	\$ 399,815.58
LOS ANGELES	CA	new	12/29/2008	Construction	\$ 3,000,000.00	\$ -	\$ -	\$ 2,593,503.49	\$ 2,593,503.49
PICO RIVERA	CA	new	2/23/2009	Construction	\$ 1,793,000.00	\$ -	\$ -	\$ 699,535.50	\$ 699,535.50
HERMOSA BEACH	CA	new	10/24/2008	Construction	\$ -	\$ 63,000.00	\$ 63,000.00	\$ 62,857.55	\$ 62,857.55
RIVERSIDE	CA	new	10/24/2008	Construction	\$ -	\$ 202,000.00	\$ 202,000.00	\$ 201,543.20	\$ 201,543.20
RIVERSIDE	CA	new	11/5/2008	Construction	\$ 2,160,000.00	\$ -	\$ -	\$ 2,098,358.82	\$ 2,098,358.82
LOS ANGELES	CA	new	11/26/2008	Construction	\$ -	\$ 68,000.00	\$ 68,000.00	\$ 67,872.76	\$ 67,872.76
COLTON	CA	new	11/26/2008	Construction	\$ -	\$ 140,000.00	\$ 140,000.00	\$ 139,738.06	\$ 139,738.06

LONG BEACH	CA	new	1/12/2009	Construction	\$	-	\$	850,000.00	\$	850,000.00
ARCADIA	CA	new	12/22/2008	Construction	\$	-	\$	500,000.00	\$	497,574.88
TOTAL NEW							\$	14,717,500.00	\$	7,488,084.28
									\$	15,543,151.85

Investment Portfolio YTD Transactions

South County Bank, N.A.
 Rancho Santa Margarita, CA
 FROM 1/1/2009 TO 2/28/2009

Customer ID: (b) (4)
 Report Date: 2/26/2009
 PAS Rep: (b) (6)
 Account Rep: (b) (6)

Cusip	Ticket	Settle Date	Tran	Par/Cur Face	Description	Rate V	Maturity	Call /Est	Prin Cost/Rcvd	Intention Cisd Book P/L	TE/BE Yield
3128Q3K34	530326	01/16/09	Purchase	1,016,435.53	FHLMC ARM POOI #1L1214	(b) (4)	12/01/35	*-12	1,050,740.23	HTM 0.00	(b) (4)
312963PF2	529964	01/20/09	Purchase	1,003,416.54	FHLMC GOLD POOL #B11322	(b) (4)	12/01/13	*-11	1,027,874.82	HTM 0.00	(b) (4)
36202EZH5	531820	01/21/09	Purchase	4,000,000.00	GNMA2 Pool #4344	(b) (4)	01/20/39	*-11	4,188,750.00	HTM 0.00	(b) (4)
3128JRX35	529700	01/26/09	Purchase	1,208,806.16	FHLMC ARM POOI #847898	(b) (4)	03/01/38	*-12	1,239,026.31	HTM 0.00	(b) (4)
31331GKW8	531970	01/26/09	Purchase	500,000.00	FED FARM CR BK	(b) (4)	01/23/17	C-09	498,800.00	HTM 0.00	(b) (4)
31412NWH5	529560	01/26/09	Purchase	1,500,000.00	FNMA Pool #930448	(b) (4)	01/01/16	*-11	1,551,562.50	HTM 0.00	(b) (4)
36290NEU2	538163	02/13/09	Purchase	1,971,674.41	GNMA POOL #613147	(b) (4)	10/15/36	*-19	2,043,147.61	HTM 0.00	(b) (4)
3128LUHF6	536752	02/23/09	Purchase	503,859.23	FHLMC ARM POOI #1J0230	(b) (4)	01/01/37	*-11	525,115.79	HTM 0.00	(b) (4)
31410B5C4	536850	02/23/09	Purchase	971,248.16	FNMA ARM POOL #884743	(b) (4)	08/01/36	*-13	1,005,241.85	HTM 0.00	(b) (4)
36225EKW1	536541	02/23/09	Purchase	927,770.69	GNMA2 ARM POOL #82108	(b) (4)	07/20/38	*-12	953,864.24	AFS 0.00	(b) (4)

0.0

1,050,740.23 +
 1,027,874.82 +
 4,188,750.00 +
 1,239,026.31 +
 498,800.00 +
 1,551,562.50 +
 2,043,147.61 +
 525,115.79 +
 1,005,241.85 +
 953,864.24 +
 14,034,123.35 T