FEDERAL DEPOSIT INSURANCE CORPORATION

WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 12 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): December 17, 2018

Summit State Bank

(Exact Name of Registrant as Specified in Charter)

California	32203	94-2878925
(State of Other Jurisdiction Of Incorporation)	(FDIC Certificate Number)	(I.R. S. Employer Identification No.)

500 Bicentennial Way Santa Rosa, CA (Address of Principal Executive Offices)	95403 (Zip Code)

Registrant's Telephone Number, Including Area Code 707-568-6000

_____

(Former Name or Former Address, if Changes Since Last Report)

Check the Appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13d-4 (c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging Growth Company ☐

If an emerging growth company, indicate my check mark if the registrant has elected not to use the extended transition period for complying with any ne or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(a) Not applicable

(b) Not applicable

(c) Summit State Bank entered into a Stock Appreciation Rights agreement (Agreements) with Executive Vice President and Chief Credit Officer Brian Reed, Executive Vice President and Chief Lending Officer Brandy Seppi and Executive Vice President and Chief Operating Officer Genie Del Secco on December 17, 2018. The Agreements provide for a form of contingent cash bonus arrangement and is independent of, and is, not an award under, the Company's 2013 Equity Incentive Plan. The Agreements grant 10,000 units to each of the named executive officers at an exercise price of $11.58 per unit and payment is made to the executive in the amount of the difference between the closing market price on the day of any exercise of the units and the exercise price of $11.58 per unit. The units vest equally over a five year period and the Agreements terminate in ten years. Terms of the Agreements are more fully described in the exhibits filed with this Form 8K.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits:

The exhibit list called for by this item is incorporated by reference to the Exhibit Index filed as part of this report.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

Dated: December 18, 2018

SUMMIT STATE BANK

By: /S/ Camille Kazarian
Camille Kazarian
Executive Vice President
and Chief Financial Officer
(Duly Authorized Officer)

Exhibit Index

Exhibit Number	Description
10.1	Summit State Bank Stock Appreciation Rights Agreement with Brian Reed
10.2	Summit State Bank Stock Appreciation Rights Agreement with Brandy Seppi
10.3	Summit State Bank Stock Appreciation Rights Agreement with Genie Del Secco

Summit State Bank
Stock Appreciation Rights Agreement

Summary:

Recipient: Brian Reed

No. of Granted Units: 10,000

Exercise Price: $11.58 per unit/share

Effective Date: December 17, 2018

1. Grant of SARs.

(a) Grant. As of the Effective Date, Summit State Bank, a California banking corporation (the "Company"), hereby grants to the above-named Recipient ("you"), and you hereby accept, the number of units set forth above in the Summary (the "Granted Units") of stock appreciation rights in the Company ("SARs").

(b) Value of SARs. Each Granted Unit is economically correlated with one share of Common Stock of the Company (the "Underlying Shares"). Accordingly, each of your Granted Units represents the right to receive, subject to the terms and conditions of this Agreement, as of any applicable date, an amount of cash (a "SAR Payment") equal to (i) the Market Value of each Underlying Share as of such date multiplied by the number of Granted Units, minus (ii) the "Exercise Price" set forth above in the Summary, which the Committee has determined is the Market Value of each Underlying Share on the date of grant, multiplied by the number of Granted Units.

> "Market Value" means the value of a share of Stock on a particular date determined by such methods or procedures as may be established by the Committee. Unless otherwise determined by the Committee or as expressly provided in this Agreement, the Market Value of Stock as of any date is the closing price for the Stock as reported on the New York Stock Exchange or NASDAQ Global Market (or on any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the next preceding date for which a closing price was reported.

(c) Withholding. Without limiting any other withholding arrangements or procedures of the Company, the Company may withhold from any SAR

Payment such federal, state or local taxes and any other amounts as will be required to be withheld pursuant to any applicable laws or regulation.

(d) Form of Cash Bonus. This Agreement is a form of contingent cash bonus arrangement and is independent of, and is not an award under, the Company's 2013 Equity Incentive Plan (the "Plan"). The terms of the Plan do not apply to thee SARs. SARs under this Agreement must be settled in cash and cannot be settled in shares of Common Stock. A SAR does not entitle you to any rights as a shareholder of the Company. The number of Underlying Shares subject to Granted Units under this Agreement does not reduce the number of shares available for awards under the Plan.

2. Vesting.

(a) The Granted Units shall vest in accordance with the following schedule, so long as you are employed by the Company on the applicable date of vesting:

Tranche	Amount of Units	Time of Vesting
1	1/5	First Anniversary of the Effective Date
2	1/5	Second Anniversary of the Effective Date
3	1/5	Third Anniversary of the Effective Date
4	1/5	Fourth Anniversary of the Effective Date
5	1/5	Fifth Anniversary of the Effective Date

(b) In addition to the foregoing, all of your unvested Granted Units shall vest upon consummation of a Change in Control.

"Change of Control" means the occurrence of any of the following after the Effective Date:

(i) a Transaction, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquirer's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company's outstanding securities immediately prior to that transaction, or

(ii) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires, including but not limited to by means of a merger or consolidation, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) of securities possessing more than 20% of the total combined voting power of the Company's outstanding securities unless pursuant to a tender or exchange offer made directly to the Company's shareholders that the Board recommends such shareholders accept, other than (i) the Company or an Affiliate, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(iii) over a period of thirty-six (36) consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the election of Board members, to be composed of individuals who either (i) have been Board members continuously since the beginning of that period, or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in the preceding clause (i) who were still in office at the time that election or nomination was approved by the Board; or

(iv) a majority of the Board votes in favor of a decision that a Change of Control has occurred.

Notwithstanding the foregoing, no Transaction or other event described in (a), (b), (c) or (d) above shall constitute a "Change of Control" for purposes of any Granted Unit which is subject to Section 409A of the Code and under which a "Change of Control" is a payment event, unless either such Transaction or event is also a change of control event within the meaning of Treas. Reg. § 1.409A-3(i)(5), or the Committee determines such a change of control event is not required to assure the Granted Unit's continued compliance with Section 409A of the Code.

"Transaction" means (1) any merger or consolidation of the Company with or into another entity as a result of which the Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled; (2) any sale or exchange of all of the Stock of the Company for cash, securities or other property; (3) any sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions; or (4) any liquidation or dissolution of the Company.

3. Forfeiture. Subject to Section 2(b) of this Agreement, if you cease to be employed by the Company as a result of your resignation, termination of your employment with or without cause, death, disability, retirement or any other reason, then all of your unvested Granted Units shall be immediately and automatically forfeited as of the close of business on the date you cease to be employed by the Company, without any further action by the Company. Each Granted Unit forfeited pursuant to this Section 3 shall be immediately and automatically cancelled and shall cease thereafter to be outstanding upon such forfeiture.

4. Payment Events; SAR Payments.

(a) Payment Event. Upon the following events (each a "Payment Event"), you (or if applicable, your beneficiaries) shall be entitled to receive a SAR Payment with respect to each of your vested Granted Units:

(i) delivery of your written notice to the Company of your election to exercise your right to receive a SAR Payment with respect some or all of your Granted Units;

(ii) the tenth anniversary of the Effective Date;

(iii) consummation of a Change in Control;

(iv) termination of your employment; or

(v) your death.

(b) Timing and Method of SAR Payments.

(i) In the case of a Payment Event other than a Change in Control, any SAR Payment shall be paid to you (or, upon your death, to your beneficiaries) on the date that is thirty (30) calendar days following the date of the applicable Payment Event (or if such payment date is not a business day, the next business day), in cash by check or wire transfer of available funds to an account designated in writing by you.

(ii) In the case of a Payment Event that is a Change in Control, any SAR Payment shall be paid to you on the date of the Payment Event, conditioned upon the consummation of such Payment Event, in cash by check or wire transfer of available funds to an account designated in writing by you.

5. Determination of Market Value.

(a) In the case of a Payment Event other than a Change in Control, the Market Value of each Underlying Share shall be determined as of the date of the Payment Event.

(b) In the case of a Payment Event that is a Change in Control, the Market Value of each Underlying Share shall be determined as follows: (i) if the Change in Control is the result of a Transaction, the value attributed to each share of Common Stock in the Transaction as of the close of business on the date of consummation of the Transaction, or (ii) in other cases, the Market Value of each share as of the date of the Change in Control.

6. Adjustment. In the event of a Change in Capitalization, the number of Underlying Shares and the Exercise Price shall be appropriately and equitably adjusted. For purposes hereof, "Change in Capitalization" shall mean any increase or reduction in the number of shares of Common Stock outstanding, or any exchange of Common Stock for a different number or kind of shares or other securities of the Company by reason of a reclassification, recapitalization, merger, consolidation, reorganization, stock dividend, stock split or reverse stock split, combination or exchange of shares or similar event.

7. No Other Rights. This Agreement and the grant of SARs under this Agreement are not an assurance or promise of continued employment. Neither the grant or vesting of SARS nor any other provision of this Agreement entitles you to any right to vote any shares of Common Stock or to receive dividends, if any, paid with respect to outstanding shares of Common Stock of the Company.

8. Definitions. Unless the context otherwise requires or as otherwise defined herein, all capitalized terms not defined in this Agreement shall have the meanings accorded to them in the Plan.

9. Further Assurances. You agree to take all actions that may be reasonably requested by the Company from time to time, including, without limitation, by executing and delivering all agreements, instruments and documents that may be reasonably requested by the Company, to carry out the purposes of this Agreement.

10. Section 409A. This Agreement and Granted Units are intended to constitute "stock appreciation rights" that do not constitute "nonqualified deferred compensation" within the meaning of Section 409A, and are therefore exempt from Section 409A. This Agreement shall be interpreted, construed and administered in accordance with Section 409A to the extent applicable. The Company shall have no obligation to indemnify you or otherwise hold you harmless from any taxes, interest, or penalties arising under Section 409A or any corresponding provision of state, local or foreign law.

11. Miscellaneous.

(a) Other capitalized terms used in this Agreement have the following meanings:

(i) "Affiliate" means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

(ii) "Board" means the Company's Board of Directors

(iii) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

(iv) "Committee" means the Compensation Committee of the Board, which in general is responsible for the award and administration of SARs under this Agreement. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

(b) Your rights under this Agreement and in the Granted Units are not assignable.

(c) This Agreement shall be governed by the laws of the State of California.

[Signatures on following page]

[Signatures to Stock Appreciation Rights Agreement]

Agreed and acknowledged:

Recipient:	SUMMIT STATE BANK
_____	By: _____
Name: Brian Reed	Name: Allan J. Hemphill Title: Chairman of the Board

Summit State Bank
Stock Appreciation Rights Agreement

Summary:

Recipient: Brandy Seppi

No. of Granted Units: 10,000

Exercise Price: $11.58 per unit/share

Effective Date: December 17, 2018

12. Grant of SARs.

(a) Grant. As of the Effective Date, Summit State Bank, a California banking corporation (the "Company"), hereby grants to the above-named Recipient ("you"), and you hereby accept, the number of units set forth above in the Summary (the "Granted Units") of stock appreciation rights in the Company ("SARs").

(b) Value of SARs. Each Granted Unit is economically correlated with one share of Common Stock of the Company (the "Underlying Shares"). Accordingly, each of your Granted Units represents the right to receive, subject to the terms and conditions of this Agreement, as of any applicable date, an amount of cash (a "SAR Payment") equal to (i) the Market Value of each Underlying Share as of such date multiplied by the number of Granted Units, minus (ii) the "Exercise Price" set forth above in the Summary, which the Committee has determined is the Market Value of each Underlying Share on the date of grant, multiplied by the number of Granted Units.

"Market Value" means the value of a share of Stock on a particular date determined by such methods or procedures as may be established by the Committee. Unless otherwise determined by the Committee or as expressly provided in this Agreement, the Market Value of Stock as of any date is the closing price for the Stock as reported on the New York Stock Exchange or NASDAQ Global Market (or on any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the next preceding date for which a closing price was reported.

(c) Withholding. Without limiting any other withholding arrangements or procedures of the Company, the Company may withhold from any SAR

Payment such federal, state or local taxes and any other amounts as will be required to be withheld pursuant to any applicable laws or regulation.

(d) Form of Cash Bonus. This Agreement is a form of contingent cash bonus arrangement and is independent of, and is not an award under, the Company's 2013 Equity Incentive Plan (the "Plan"). The terms of the Plan do not apply to thee SARs. SARs under this Agreement must be settled in cash and cannot be settled in shares of Common Stock. A SAR does not entitle you to any rights as a shareholder of the Company. The number of Underlying Shares subject to Granted Units under this Agreement does not reduce the number of shares available for awards under the Plan.

13. Vesting.

(a) The Granted Units shall vest in accordance with the following schedule, so long as you are employed by the Company on the applicable date of vesting:

Tranche	Amount of Units	Time of Vesting
1	1/5	First Anniversary of the Effective Date
2	1/5	Second Anniversary of the Effective Date
3	1/5	Third Anniversary of the Effective Date
4	1/5	Fourth Anniversary of the Effective Date
5	1/5	Fifth Anniversary of the Effective Date

(b) In addition to the foregoing, all of your unvested Granted Units shall vest upon consummation of a Change in Control.

"Change of Control" means the occurrence of any of the following after the Effective Date:

(i) a Transaction, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquirer's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company's outstanding securities immediately prior to that transaction, or

(ii) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires, including but not limited to by means of a merger or consolidation, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) of securities possessing more than 20% of the total combined voting power of the Company's outstanding securities unless pursuant to a tender or exchange offer made directly to the Company's shareholders that the Board recommends such shareholders accept, other than (i) the Company or an Affiliate, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(iii) over a period of thirty-six (36) consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the election of Board members, to be composed of individuals who either (i) have been Board members continuously since the beginning of that period, or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in the preceding clause (i) who were still in office at the time that election or nomination was approved by the Board; or

(iv) a majority of the Board votes in favor of a decision that a Change of Control has occurred.

Notwithstanding the foregoing, no Transaction or other event described in (a), (b), (c) or (d) above shall constitute a "Change of Control" for purposes of any Granted Unit which is subject to Section 409A of the Code and under which a "Change of Control" is a payment event, unless either such Transaction or event is also a change of control event within the meaning of Treas. Reg. § 1.409A-3(i)(5), or the Committee determines such a change of control event is not required to assure the Granted Unit's continued compliance with Section 409A of the Code.

"Transaction" means (1) any merger or consolidation of the Company with or into another entity as a result of which the Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled; (2) any sale or exchange of all of the Stock of the Company for cash, securities or other property; (3) any sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions; or (4) any liquidation or dissolution of the Company.

14. Forfeiture. Subject to Section 2(b) of this Agreement, if you cease to be employed by the Company as a result of your resignation, termination of your employment with or without cause, death, disability, retirement or any other reason, then all of your unvested Granted Units shall be immediately and automatically forfeited as of the close of business on the date you cease to be employed by the Company, without any further action by the Company. Each Granted Unit forfeited pursuant to this Section 3 shall be immediately and automatically cancelled and shall cease thereafter to be outstanding upon such forfeiture.

15. Payment Events; SAR Payments.

(a) Payment Event. Upon the following events (each a "Payment Event"), you (or if applicable, your beneficiaries) shall be entitled to receive a SAR Payment with respect to each of your vested Granted Units:

(i) delivery of your written notice to the Company of your election to exercise your right to receive a SAR Payment with respect some or all of your Granted Units;

(ii) the tenth anniversary of the Effective Date;

(iii) consummation of a Change in Control;

(iv) termination of your employment; or

(v) your death.

(b) Timing and Method of SAR Payments.

(i) In the case of a Payment Event other than a Change in Control, any SAR Payment shall be paid to you (or, upon your death, to your beneficiaries) on the date that is thirty (30) calendar days following the date of the applicable Payment Event (or if such payment date is not a business day, the next business day), in cash by check or wire transfer of available funds to an account designated in writing by you.

(ii) In the case of a Payment Event that is a Change in Control, any SAR Payment shall be paid to you on the date of the Payment Event, conditioned upon the consummation of such Payment Event, in cash by check or wire transfer of available funds to an account designated in writing by you.

16. Determination of Market Value.

(a) In the case of a Payment Event other than a Change in Control, the Market Value of each Underlying Share shall be determined as of the date of the Payment Event.

(b) In the case of a Payment Event that is a Change in Control, the Market Value of each Underlying Share shall be determined as follows: (i) if the Change in Control is the result of a Transaction, the value attributed to each share of Common Stock in the Transaction as of the close of business on the date of consummation of the Transaction, or (ii) in other cases, the Market Value of each share as of the date of the Change in Control.

17. Adjustment. In the event of a Change in Capitalization, the number of Underlying Shares and the Exercise Price shall be appropriately and equitably adjusted. For purposes hereof, "Change in Capitalization" shall mean any increase or reduction in the number of shares of Common Stock outstanding, or any exchange of Common Stock for a different number or kind of shares or other securities of the Company by reason of a reclassification, recapitalization, merger, consolidation, reorganization, stock dividend, stock split or reverse stock split, combination or exchange of shares or similar event.

18. No Other Rights. This Agreement and the grant of SARs under this Agreement are not an assurance or promise of continued employment. Neither the grant or vesting of SARS nor any other provision of this Agreement entitles you to any right to vote any shares of Common Stock or to receive dividends, if any, paid with respect to outstanding shares of Common Stock of the Company.

19. Definitions. Unless the context otherwise requires or as otherwise defined herein, all capitalized terms not defined in this Agreement shall have the meanings accorded to them in the Plan.

20. Further Assurances. You agree to take all actions that may be reasonably requested by the Company from time to time, including, without limitation, by executing and delivering all agreements, instruments and documents that may be reasonably requested by the Company, to carry out the purposes of this Agreement.

21. Section 409A. This Agreement and Granted Units are intended to constitute "stock appreciation rights" that do not constitute "nonqualified deferred compensation" within the meaning of Section 409A, and are therefore exempt from Section 409A. This Agreement shall be interpreted, construed and administered in accordance with Section 409A to the extent applicable. The Company shall have no obligation to indemnify you or otherwise hold you harmless from any taxes, interest, or penalties arising under Section 409A or any corresponding provision of state, local or foreign law.

22. Miscellaneous.

(a) Other capitalized terms used in this Agreement have the following meanings:

(i) "Affiliate" means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

(ii) "Board" means the Company's Board of Directors

(iii) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

(iv) "Committee" means the Compensation Committee of the Board, which in general is responsible for the award and administration of SARs under this Agreement. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

(b) Your rights under this Agreement and in the Granted Units are not assignable.

(c) This Agreement shall be governed by the laws of the State of California.

[Signatures on following page]

[Signatures to Stock Appreciation Rights Agreement]

Agreed and acknowledged:

Recipient:

_____
Name: Brandy Seppi

SUMMIT STATE BANK

By: _____
Name: Allan J. Hemphill
Title: Chairman of the Board

Summit State Bank
Stock Appreciation Rights Agreement

Summary:

Recipient: Genie Del Secco

No. of Granted Units: 10,000

Exercise Price: $11.58 per unit/share

Effective Date: December 17, 2018

23. Grant of SARs.

(a) Grant. As of the Effective Date, Summit State Bank, a California banking corporation (the "Company"), hereby grants to the above-named Recipient ("you"), and you hereby accept, the number of units set forth above in the Summary (the "Granted Units") of stock appreciation rights in the Company ("SARs").

(b) Value of SARs. Each Granted Unit is economically correlated with one share of Common Stock of the Company (the "Underlying Shares"). Accordingly, each of your Granted Units represents the right to receive, subject to the terms and conditions of this Agreement, as of any applicable date, an amount of cash (a "SAR Payment") equal to (i) the Market Value of each Underlying Share as of such date multiplied by the number of Granted Units, minus (ii) the "Exercise Price" set forth above in the Summary, which the Committee has determined is the Market Value of each Underlying Share on the date of grant, multiplied by the number of Granted Units.

> "Market Value" means the value of a share of Stock on a particular date determined by such methods or procedures as may be established by the Committee. Unless otherwise determined by the Committee or as expressly provided in this Agreement, the Market Value of Stock as of any date is the closing price for the Stock as reported on the New York Stock Exchange or NASDAQ Global Market (or on any other national securities exchange on which the Stock is then listed) for that date or, if no closing price is reported for that date, the closing price on the next preceding date for which a closing price was reported.

(c) Withholding. Without limiting any other withholding arrangements or procedures of the Company, the Company may withhold from any SAR

Payment such federal, state or local taxes and any other amounts as will be required to be withheld pursuant to any applicable laws or regulation.

(d) Form of Cash Bonus. This Agreement is a form of contingent cash bonus arrangement and is independent of, and is not an award under, the Company's 2013 Equity Incentive Plan (the "Plan"). The terms of the Plan do not apply to thee SARs. SARs under this Agreement must be settled in cash and cannot be settled in shares of Common Stock. A SAR does not entitle you to any rights as a shareholder of the Company. The number of Underlying Shares subject to Granted Units under this Agreement does not reduce the number of shares available for awards under the Plan.

24. Vesting.

(a) The Granted Units shall vest in accordance with the following schedule, so long as you are employed by the Company on the applicable date of vesting:

Tranche	Amount of Units	Time of Vesting
1	1/5	First Anniversary of the Effective Date
2	1/5	Second Anniversary of the Effective Date
3	1/5	Third Anniversary of the Effective Date
4	1/5	Fourth Anniversary of the Effective Date
5	1/5	Fifth Anniversary of the Effective Date

(b) In addition to the foregoing, all of your unvested Granted Units shall vest upon consummation of a Change in Control.

"Change of Control" means the occurrence of any of the following after the Effective Date:

(i) a Transaction, unless securities possessing more than 50% of the total combined voting power of the survivor's or acquirer's outstanding securities (or the securities of any parent thereof) are held by a person or persons who held securities possessing more than 50% of the total combined voting power of the Company's outstanding securities immediately prior to that transaction, or

(ii) any person or group of persons (within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended and in effect from time to time) directly or indirectly acquires, including but not limited to by means of a merger or consolidation, beneficial ownership (determined pursuant to Securities and Exchange Commission Rule 13d-3 promulgated under the said Exchange Act) of securities possessing more than 20% of the total combined voting power of the Company's outstanding securities unless pursuant to a tender or exchange offer made directly to the Company's shareholders that the Board recommends such shareholders accept, other than (i) the Company or an Affiliate, (ii) an employee benefit plan of the Company or any of its Affiliates, (iii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Affiliates, or (iv) an underwriter temporarily holding securities pursuant to an offering of such securities, or

(iii) over a period of thirty-six (36) consecutive months or less, there is a change in the composition of the Board such that a majority of the Board members (rounded up to the next whole number, if a fraction) ceases, by reason of one or more proxy contests for the election of Board members, to be composed of individuals who either (i) have been Board members continuously since the beginning of that period, or (ii) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in the preceding clause (i) who were still in office at the time that election or nomination was approved by the Board; or

(iv) a majority of the Board votes in favor of a decision that a Change of Control has occurred.

Notwithstanding the foregoing, no Transaction or other event described in (a), (b), (c) or (d) above shall constitute a "Change of Control" for purposes of any Granted Unit which is subject to Section 409A of the Code and under which a "Change of Control" is a payment event, unless either such Transaction or event is also a change of control event within the meaning of Treas. Reg. § 1.409A-3(i)(5), or the Committee determines such a change of control event is not required to assure the Granted Unit's continued compliance with Section 409A of the Code.

"Transaction" means (1) any merger or consolidation of the Company with or into another entity as a result of which the Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled; (2) any sale or exchange of all of the Stock of the Company for cash, securities or other property; (3) any sale, transfer, or other disposition of all or substantially all of the Company's assets to one or more other persons in a single transaction or series of related transactions; or (4) any liquidation or dissolution of the Company.

25. Forfeiture. Subject to Section 2(b) of this Agreement, if you cease to be employed by the Company as a result of your resignation, termination of your employment with or without cause, death, disability, retirement or any other reason, then all of your unvested Granted Units shall be immediately and automatically forfeited as of the close of business on the date you cease to be employed by the Company, without any further action by the Company. Each Granted Unit forfeited pursuant to this Section 3 shall be immediately and automatically cancelled and shall cease thereafter to be outstanding upon such forfeiture.

26. Payment Events; SAR Payments.

(a) Payment Event. Upon the following events (each a "Payment Event"), you (or if applicable, your beneficiaries) shall be entitled to receive a SAR Payment with respect to each of your vested Granted Units:

(i) delivery of your written notice to the Company of your election to exercise your right to receive a SAR Payment with respect some or all of your Granted Units;

(ii) the tenth anniversary of the Effective Date;

(iii) consummation of a Change in Control;

(iv) termination of your employment; or

(v) your death.

(b) Timing and Method of SAR Payments.

(i) In the case of a Payment Event other than a Change in Control, any SAR Payment shall be paid to you (or, upon your death, to your beneficiaries) on the date that is thirty (30) calendar days following the date of the applicable Payment Event (or if such payment date is not a business day, the next business day), in cash by check or wire transfer of available funds to an account designated in writing by you.

(ii) In the case of a Payment Event that is a Change in Control, any SAR Payment shall be paid to you on the date of the Payment Event, conditioned upon the consummation of such Payment Event, in cash by check or wire transfer of available funds to an account designated in writing by you.

27. Determination of Market Value.

(a) In the case of a Payment Event other than a Change in Control, the Market Value of each Underlying Share shall be determined as of the date of the Payment Event.

(b) In the case of a Payment Event that is a Change in Control, the Market Value of each Underlying Share shall be determined as follows: (i) if the Change in Control is the result of a Transaction, the value attributed to each share of Common Stock in the Transaction as of the close of business on the date of consummation of the Transaction, or (ii) in other cases, the Market Value of each share as of the date of the Change in Control.

28. Adjustment. In the event of a Change in Capitalization, the number of Underlying Shares and the Exercise Price shall be appropriately and equitably adjusted. For purposes hereof, "Change in Capitalization" shall mean any increase or reduction in the number of shares of Common Stock outstanding, or any exchange of Common Stock for a different number or kind of shares or other securities of the Company by reason of a reclassification, recapitalization, merger, consolidation, reorganization, stock dividend, stock split or reverse stock split, combination or exchange of shares or similar event.

29. No Other Rights. This Agreement and the grant of SARs under this Agreement are not an assurance or promise of continued employment. Neither the grant or vesting of SARS nor any other provision of this Agreement entitles you to any right to vote any shares of Common Stock or to receive dividends, if any, paid with respect to outstanding shares of Common Stock of the Company.

30. Definitions. Unless the context otherwise requires or as otherwise defined herein, all capitalized terms not defined in this Agreement shall have the meanings accorded to them in the Plan.

31. Further Assurances. You agree to take all actions that may be reasonably requested by the Company from time to time, including, without limitation, by executing and delivering all agreements, instruments and documents that may be reasonably requested by the Company, to carry out the purposes of this Agreement.

32. Section 409A. This Agreement and Granted Units are intended to constitute "stock appreciation rights" that do not constitute "nonqualified deferred compensation" within the meaning of Section 409A, and are therefore exempt from Section 409A. This Agreement shall be interpreted, construed and administered in accordance with Section 409A to the extent applicable. The Company shall have no obligation to indemnify you or otherwise hold you harmless from any taxes, interest, or penalties arising under Section 409A or any corresponding provision of state, local or foreign law.

33. Miscellaneous.

(a) Other capitalized terms used in this Agreement have the following meanings:

(i) "Affiliate" means any corporation, partnership, limited liability company, business trust, or other entity controlling, controlled by or under common control with the Company.

(ii) "Board" means the Company's Board of Directors

(iii) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and any regulations issued from time to time thereunder.

(iv) "Committee" means the Compensation Committee of the Board, which in general is responsible for the award and administration of SARs under this Agreement. For any period during which no such committee is in existence "Committee" shall mean the Board and all authority and responsibility assigned to the Committee under the Plan shall be exercised, if at all, by the Board.

(b) Your rights under this Agreement and in the Granted Units are not assignable.

(c) This Agreement shall be governed by the laws of the State of California.

[Signatures on following page]

[Signatures to Stock Appreciation Rights Agreement]

Agreed and acknowledged:

Recipient:	SUMMIT STATE BANK
_____	By: _____
Name: Genie Del Secco	Name: Allan J. Hemphill Title: Chairman of the Board