

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Ozark Heritage Bank, N. A.)
Mountain View, Arkansas)
AA-EC-10-83

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over Ozark Heritage Bank, National Association, Mountain View, Arkansas (“Bank”);

WHEREAS, the Bank, by and through its duly elected and acting Board of Directors (“Board”), has executed a Stipulation and Consent to the Issuance of a Consent Order (“Stipulation and Consent”), dated August 24, 2010, that is accepted by the Comptroller; and

WHEREAS, by this Stipulation and Consent, which is incorporated by reference, the Bank has consented to the issuance of this Consent Order (“Order”) by the Comptroller.

NOW, THEREFORE, pursuant to the authority vested in him by the Federal Deposit Insurance Act, as amended, 12 U.S.C. § 1818, the Comptroller hereby orders that:

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within five (5) days, the Board shall appoint and maintain an active Compliance Committee of at least three (3) directors, none of whom shall be an employee, former employee, or controlling shareholder of the Bank or any of its affiliates (as the term “affiliate” is defined in 12 U.S.C. § 371c(b)(1)), or a family member of any such person. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Director for Special Supervision

(“Director”). The Compliance Committee shall be responsible for monitoring and coordinating the Bank’s adherence to the provisions of this Order.

(2) The Compliance Committee shall meet at least monthly.

(3) Within thirty (30) days of the date of this Order and every thirty (30) days thereafter, the Compliance Committee shall continue to ensure the submission of a written progress report to the Board setting forth in detail:

- (a) a description of the actions needed to achieve full compliance with each Article of this Order;
- (b) actions taken to comply with each Article of this Order; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee’s report, with any additional comments by the Board, to the Director within ten (10) days of receiving such report.

(5) All reports or plans that the Bank or Board has agreed to submit to the Director pursuant to this Order shall be forwarded, by overnight mail or via email, to the following:

Director for Special Supervision
Comptroller of the Currency
250 E Street, S.W.
Mail Stop 7-4
Washington, DC 20219

with a copy to:
Little Rock Field Office
Comptroller of the Currency
10210 West Markham, Suite 105
Little Rock, Arkansas 72205

(6) The Board shall ensure that the Bank has sufficient processes, personnel, and control systems to effectively implement and adhere to all provisions of this Order, and that Bank personnel have sufficient training and authority to execute their duties and responsibilities under this Order.

ARTICLE II

STRATEGIC PLAN

(1) Within sixty (60) days, the Board shall forward to the Director for his review and determination of no supervisory objection pursuant to paragraph (5) of this Article, a written Strategic Plan for the Bank that is acceptable to the Director, covering at least a three (3) year period. The Strategic Plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development, and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives, and shall, at a minimum, include:

- (a) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (b) the strategic goals and objectives to be accomplished;
- (c) a description of the Bank's targeted market(s) and an assessment of the current and projected risks and competitive factors in its identified target market(s);
- (d) specific actions to improve Bank earnings and accomplish the identified strategic goals and objectives;
- (e) identification of Bank personnel to be responsible and accountable for achieving each goal and objective of the Strategic Plan, including specific timeframes;
- (f) a financial forecast, to include projections for major balance sheet and income statement accounts, targeted financial ratios, and growth projections over the period covered by the Strategic Plan;

- (g) a description of the assumptions used to determine financial projections and growth targets;
- (h) an identification and risk assessment of the Bank's present and planned future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in the Strategic Plan, with the requirement that the risk assessment of new product lines must be completed prior to the offering of such product lines;
- (i) a description of control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's markets;
- (j) an evaluation of the Bank's internal operations, staffing requirements, board and management information systems, and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives established in the Strategic Plan;
- (k) a management employment and succession program to promote the retention and continuity of capable management;
- (l) assigned responsibilities and accountability for the strategic planning process, new products, growth goals, and proposed changes in the Bank's operating environment; and
- (m) a description of systems to monitor the Bank's progress in meeting the Strategic Plan's goals and objectives.

(2) If the Board's Strategic Plan under paragraph (1) of this Article includes a sale or merger of the Bank, the Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to ensure that a definitive agreement for the sale or merger is executed

not later than ninety (90) days after the receipt of the Director's written determination of no supervisory objection pursuant to paragraph (5) of this Article.

(3) At least monthly, the Board shall review financial reports and earnings analyses prepared by the Bank that evaluate the Bank's performance against the goals and objectives established in the Strategic Plan, as well as the Bank's written explanation of significant differences between actual and projected balance sheet, income statement, and expense accounts, including descriptions of extraordinary and/or nonrecurring items. The Bank shall submit a copy of these reports to the Director upon completion.

(4) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Strategic Plan, based on the Bank's monthly reports, analyses, and written explanations of any differences between actual performance and the Bank's strategic goals and objectives, and shall include a description of the actions the Board will require the Bank to take to address any shortcomings, which shall be documented in the Board meeting minutes. Within ten (10) days of completing its evaluation, the Board shall submit a copy of the evaluation and Board minutes to the Director.

(5) Prior to adoption by the Board, a copy of the Strategic Plan, and any subsequent amendments or revisions, shall be forwarded to the Director for a prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Director, the Board shall adopt and the Bank shall immediately implement and adhere to the Strategic Plan.

(6) The Bank may not initiate any action that deviates significantly from the Board-approved Strategic Plan, including subsequent amendments or revisions, without a written determination of no supervisory objection from the Director. The Board must give the Director advance, written notice of its intent to deviate significantly from the Strategic Plan, along with an

assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Strategic Plan.

(7) For the purposes of this Article, changes that may constitute a significant deviation from the Strategic Plan include, but are not limited to, a change in the Bank's products and services, marketing strategies, marketing partners, business lines, asset growth, underwriting practices and standards, credit administration, account management, collection strategies or operations, fee structure or pricing, accounting processes and practices, or funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank's operations or financial performance, or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance. For purposes of this paragraph, "personnel" shall include the president, chief executive officer, chief operating officer, chief financial officer, chief credit officer, chief compliance officer, risk manager, internal auditor, member of the Bank's board of directors, or any other position subsequently identified in writing by the Director.

ARTICLE III

CAPITAL PLAN AND HIGHER MINIMUMS

- (1) The Bank shall by December 31, 2010, achieve and thereafter maintain the following minimum capital ratios (as defined in 12 C.F.R. Part 3)¹:
- (a) Total capital at least equal to thirteen percent (13%) of risk-weighted assets;
 - (b) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets.²

¹ The requirement in this Order to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6, pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(2) Within sixty (60) days, the Board shall forward to the Director for his determination of no supervisory objection pursuant to paragraph (5) of this Article, a written Capital Plan for the Bank, covering at least a three (3) year period. The Capital Plan shall include:

- (a) specific plans for the achievement and maintenance of adequate capital, which may in no event be less than the requirements of paragraph (1) of this Article;
- (b) projections for growth and capital requirements, based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (c) projections of the sources and timing of additional capital to meet the Bank's future needs, as set forth in the Strategic Plan;
- (d) identification of the primary sources from which the Bank will maintain an appropriate capital structure to meet the Bank's future needs, as set forth in the Strategic Plan;
- (e) specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order and with 12 U.S.C. § 1831o, including the restrictions against brokered deposits in 12 C.F.R. § 337.6; and
- (f) contingency plans that identify alternative methods to strengthen capital, should the primary source(s) under paragraph (d) of this Article not be available.

² Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure required to be computed for and stated in the Bank's most recent quarterly *Consolidated Report of Condition and Income* ("call report") minus end-of-quarter intangible assets and other deductions pursuant to section 2(c)(5) of Appendix A of 12 C.F.R. Part 3.

(3) The Bank may make payment of a fee, including a director retainer fee, to any Bank director only for attendance at Board meetings or committee meetings thereof, and only upon a written determination of no supervisory objection by the Director.

(4) The Bank may make payment of a dividend or make a capital distribution only:

- (a) when the Bank is in compliance with its approved Capital Plan and would remain in compliance with its approved Capital Plan immediately following the payment of any dividend;
- (b) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
- (c) following the prior written determination of no supervisory objection by the Director.

(5) Prior to adoption by the Board, a copy of the Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Director, the Board shall adopt and the Bank shall immediately implement and adhere to the Capital Plan. The Board shall review and update the Bank's Capital Plan at least annually and more frequently if necessary or if requested by the Director. Revisions to the Bank's Capital Plan shall be submitted to the Director for a prior written determination of no supervisory objection.

(6) If the Bank fails to submit an acceptable Capital Plan as required by paragraph (2) of this Article, fails to implement or adhere to a Capital Plan to which the Director has taken no supervisory objection pursuant to paragraph (5) of this Article, or fails to achieve and maintain the minimum capital ratios as required by paragraph (1) of this Article, then in the sole discretion of the Director, the Bank shall, within thirty (30) days of notification by the OCC of such failure and upon direction of the Director, develop and submit to the Director for his review and prior

written determination of no supervisory objection a Disposition Plan that shall detail the Board's proposal to sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181.

(7) In the event that the Disposition Plan submitted by the Bank's Board outlines a sale or merger of the Bank, the Disposition Plan shall, at a minimum, address the steps that will be taken and the associated timeline to ensure that a definitive agreement for the sale or merger is executed not later than ninety (90) days after the receipt of the Director's written determination of no supervisory objection to the Disposition Plan.

(8) After the Director has advised the Bank in writing of no supervisory objection to the Disposition Plan, the Board shall immediately adopt and implement, and shall thereafter ensure adherence to, the terms of the Disposition Plan. Failure to submit a timely, acceptable Disposition Plan, or failure to implement and adhere to the Disposition Plan after the Board obtains a written determination of no supervisory objection from the Director, may be deemed a violation of this Order, in the exercise of the Director's sole discretion.

ARTICLE IV

BOARD TO HIRE AND ENSURE COMPETENT MANAGEMENT

(1) The Board shall ensure that the Bank has competent management in place on a full-time basis in all executive officer positions to carry out the Board's policies; ensure compliance with this Order; ensure compliance with applicable laws, rules, and regulations; and manage the day-to-day operations of the Bank in a safe and sound manner.

(2) Within ninety (90) days, the Board shall identify and provide notice to the Director, pursuant to paragraph (5) of this Article, of a qualified and capable permanent candidate for the positions of Chief Executive Officer ("CEO"), President, and Senior Loan officer ("SLO"). The permanent CEO, President, and SLO shall be vested with sufficient executive authority to fulfill

the duties and responsibilities of the positions, correct the deficiencies in the lending area, and to ensure the safe and sound operation of the Bank.

(3) Within ninety (90) days, the Board (with the exception of any Bank executive officers) shall develop and implement a written program, with specific time frames, to improve the performance, skills, and abilities of the Bank's executive officers to perform present and anticipated duties, taking into account the findings contained in the most recent Report of Examination, and factoring in the officer's past actual performance. Upon completion, a copy of the written program shall be submitted to the Director.

(4) If the Board determines that an officer's performance, skills, and abilities are such that the Board is unable to develop and implement the program required by paragraph (3) of this Article and that the officer will not continue in his or her position, in light of the findings contained in the most recent Report of Examination, then the Board shall within sixty (60) days of a vacancy in any such position provide notice to the Director, pursuant to paragraph (5) of this Article, of a qualified and capable candidate for that position.

(5) Prior to the appointment of any individual to an executive officer position, the Board shall submit to the Director written notice, which notice shall include the information set forth in 12 C.F.R. § 5.51 and the *Comptroller's Licensing Manual*. The Director shall have the power to disapprove the appointment of the proposed executive officer in his sole discretion. However, the failure to exercise such veto power shall not constitute an approval or endorsement of the proposed executive officer. The requirement to submit information and the prior disapproval provisions of this Article are based upon the authority of 12 U.S.C. § 1818(b) and this Order and do not require the Comptroller or the Director to complete his review and act on any such information or authority within ninety (90) days. The Director's decision is final and is not subject to appeal.

(6) The Board shall perform, at least annually, a written performance appraisal for each Bank executive officer that establishes objectives by which the officer's effectiveness will be measured, evaluates performance according to the position's description and responsibilities, and assesses accountability for action plans to remedy issues raised in Reports of Examination or audit reports. Upon completion, copies of the performance appraisals shall be submitted to the Director. The Board shall ensure that any identified deficiencies are addressed in a manner consistent with paragraphs (3) and (4) of this Article.

ARTICLE V

INTERNAL AUDIT PROGRAM

(1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to an independent, internal audit program that includes but is not limited to the following:

- (a) an audit policy that sets forth the internal audit's purpose, objectives, organization, authority, and responsibilities;
- (b) a risk assessment that identifies and evaluates the quantity of the Bank's risks and the quality of its controls over those risks;
- (c) a risk-based audit schedule and scope that focuses on the areas of greatest risk and sets priorities for audit work;
- (d) an independent and objective internal audit process that adequately monitors internal control systems, tests and reviews information systems, and documents test findings and corrective actions;
- (e) a process that includes verification and review of management actions addressing material weaknesses; and

- (f) a process that requires the Board or Audit Committee to review the internal audit systems' effectiveness to include review of audit reports and management's responses, and to ensure that processes are in place to test the responses.

ARTICLE VI

LOAN PORTFOLIO MANAGEMENT

(1) Within sixty (60) days, the Board shall review and revise the Bank's written loan policy. In reviewing the policy, the Board shall refer to the "Loan Portfolio Management" booklet of the *Comptroller's Handbook*. The loan policy shall incorporate, but not necessarily be limited to, the following:

- (a) a description of acceptable types of loans;
- (b) loan structure and term requirements that consider the purpose of the loan, the source(s) of repayment, and the type and useful life of the collateral;
- (c) maximum loan-to-value ratios for loans based on types of collateral securing the loan;
- (d) guidelines to address legal lending limit and appraisal requirements;
- (e) a provision that current and satisfactory credit information will be obtained on each borrower and guarantor, and a description of the types of credit information required from borrowers and guarantors, including (but not limited to) annual audited statements, interim financial statements, personal financial statements, and tax returns with supporting schedules;
- (f) procedures that require any extension of credit (new, maturity extension, or renewal) is made only after obtaining and validating current credit information about the borrower and any guarantor sufficient to fully assess

and analyze the borrower's and guarantor's cash flow, debt service requirements, contingent liabilities, and global liquidity condition, and only after the credit officer prepares a documented credit analysis;

- (g) procedures that require any extension of credit (new, maturity extension, or renewal) is made only after obtaining and documenting the current valuation of any supporting collateral, perfecting and verifying the Bank's lien position, and that reasonable limits are established on credit advances against collateral, based on a consideration of (but not limited to) a realistic assessment of the value of collateral, the ratio of loan to value, and overall debt service requirements;
- (h) collection procedures, including follow-up efforts, that are systematically and progressively stronger;
- (i) a pricing policy that takes into consideration costs, general overhead, and probable loan losses, while providing for a reasonable margin of profit;
- (j) guidelines for loans to insiders, including a statement that such loans will not be granted on terms more favorable than those offered to similar non-insider borrowers;
- (k) guidelines addressing participations of credit consistent with requirements set forth in Banking Circular 181 (Revised);
- (l) a limitation on the type and size of loans that may be made by loan officers without prior approval by the Board or a committee established by the Board for this purpose;
- (m) guidelines for renewals and extensions of credit consistent with Banking Circular 255, including a prohibition on capitalization of interest and on

extending or renewing credit for the sole purpose of reducing the volume of loan delinquencies;

- (n) charge-off guidelines, by type of loan or other asset, including other real estate owned, addressing the circumstances under which charge-offs would be appropriate and ensuring recognition of loss within the quarter of discovery; and
- (o) guidelines for periodic review of the Bank's adherence to the revised loan policy.

Upon completion, the Board shall provide a copy of the Bank's revised written loan policy to the Director for review.

(2) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to improve the Bank's loan portfolio management. The program shall include, but not be limited to, systems and procedures that:

- (a) require that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining, performing, and documenting a global analysis of current and satisfactory credit information;
- (b) require that existing extensions of credit structured as single pay notes are revised upon maturity to conform to the Bank's revised loan policy;
- (c) ensure satisfactory and perfected collateral documentation;
- (d) track and analyze credit, collateral, and policy exceptions;
- (e) provide for accurate risk ratings consistent with the classification standards contained in the *Comptroller's Handbook* on "Rating Credit Risk;"
- (f) provide for identification, measurement, monitoring, and control of concentrations of credit;

- (g) ensure compliance with call report instructions, the Bank's lending policies, and laws, rules, and regulations pertaining to the Bank's lending function;
- (h) ensure the accuracy of internal management information systems;
- (i) provide adequate training of Bank personnel performing credit analyses in cash flow analysis, particularly analysis using information from tax returns, and implement processes to ensure that additional training is provided as needed; and
- (j) include a performance appraisal process, including performance appraisals, job descriptions, and incentive programs for loan officers, which adequately consider their performance relative to policy compliance, documentation standards, accuracy in credit risk ratings, and other loan administration matters.

Upon completion, a copy of the program shall be forwarded to the Director for review.

ARTICLE VII

CREDIT ANALYSIS AND DOCUMENTATION

- (1) Within sixty (60) days, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to improve credit analysis and documentation practices. The program shall include, but not be limited to procedures which include:
 - (a) the development of a credit memorandum prior to the extension of credit for all credit relationships totaling in aggregate fifty thousand dollars (\$50,000) or more. Each credit memorandum shall include, at a minimum, analysis and documentation of the following:

- (i) the origination date and any renewal or extension dates, amount, purpose of the loan, and the originating and current handling officer(s);
 - (ii) timely identification of the risk ratings of the loan(s);
 - (iii) the expected primary and secondary sources of repayment, and an analysis of the adequacy of the repayment sources;
 - (iv) the appraised value of supporting collateral, with the date and source of the appraisal, and the position of the Bank's lien on such collateral, where applicable, as well as other necessary documentation to support the current collateral valuation;
 - (v) an analysis of current and complete credit information on all borrowers and guarantors, including a global cash flow analysis; and
 - (vi) clear identification of all exceptions to the loan policy, including appropriate approval by the Board or a committee thereof before the loan is funded or renewed;
- (b) accountability standards against which individual loan officer performance is to be measured in written performance reviews; and
 - (c) periodic and ongoing training of loan officers to ensure accuracy and consistency in financial and cash flow calculations, as well as conformance with the Bank's loan policy and documentation requirements.
- (2) Upon completion, the Board shall submit a copy of this program to the Director for review.

ARTICLE VIII

APPRAISALS OF REAL PROPERTY

(1) The Board shall require and the Bank shall obtain a current independent appraisal, an updated appraisal, or an evaluation in accordance with 12 C.F.R. Part 34, on any loan that is secured by real property where:

- (a) the loan's appraisal or evaluation was found to violate 12 C.F.R. Part 34; or
- (b) the loan was criticized in the most recent Report of Examination ("ROE") or by the Bank's internal or external loan review and the most recent independent appraisal or evaluation is more than twelve (12) months old; or
- (c) the borrower has failed to comply with the contractual terms of the loan agreement and the Bank's analysis of current financial information does not support the ongoing ability of the borrower or guarantor(s) to perform in accordance with the contractual terms of the loan agreement, and the most recent independent appraisal or evaluation is more than twelve (12) months old.

(2) Appraisals required by this Article shall be ordered within thirty (30) days of the date of the Order, and going forward, within thirty (30) days following the event triggering the appraisal requirement, for delivery to the Bank within sixty (60) days of the date the appraisal was ordered.

(3) Within thirty (30) days, the Board shall require and the Bank shall develop and implement an independent review and analysis process to ensure that appraisals conform to appraisal standards and regulations. The appraisal review and analysis process shall ensure that appraisals are:

- (a) performed in accordance with 12 C.F.R. Part 34;

- (b) consistent with the guidance in OCC Bulletin 2005-6, “Appraisal Regulations and the Interagency Statement on Independent Appraisal and Evaluation Functions: Frequently Asked Questions” (March 22, 2005);
 - (c) consistent with OCC Advisory Letter 2003-9, “Independent Appraisal and Evaluation Function” (October 28, 2003); and
 - (d) consistent with the “Interagency Appraisal and Evaluation Guidelines” (October 27, 1994), Appendix E to the *Comptroller’s Handbook*, “Real Estate and Construction Lending;.
- (4) Written documentation supporting each appraisal review and analysis shall be retained in the loan file, along with the appraisal.

ARTICLE IX

CREDIT AND COLLATERAL EXCEPTIONS

(1) Except as otherwise provided herein, the Bank shall obtain current and complete credit information on all loans lacking such information, including those listed in the most recent ROE (within sixty (60) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination (within sixty (60) days from receipt of such listing). The Bank shall maintain a list of any credit exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

(2) Except as otherwise provided herein, the Bank shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the most

recent ROE (within sixty (60) days from the effective date of this Order), in any subsequent ROE (within sixty (60) days from the issuance of such ROE), in any internal or external loan review (within sixty (60) days from the completion of such review), or in any listings of loans lacking such information provided to management by the National Bank Examiners at the conclusion of an examination (within sixty (60) days from the receipt of such listing). The Bank shall maintain a list of any collateral exceptions that have not been corrected within the timeframe discussed above. This list shall include an explanation of the actions taken to correct the exception, the reasons why the exception has not yet been corrected, and a plan to correct the exception.

(3) Within ninety (90) days, the Board shall develop, implement, and ensure Bank adherence to a system to track and analyze credit, collateral, and policy exceptions.

ARTICLE X

CONCENTRATIONS OF CREDIT

(1) Within ninety (90) days, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and adhere to a written concentration management program consistent with the “Concentrations of Credit” booklet of the *Comptroller’s Handbook*. The program shall include, but not be limited to, the following:

- (a) policy guidelines addressing the level and nature of exposures acceptable to the institution and setting concentration limits, including limits on commitments to individual borrowers and appropriate sub-limits;
- (b) procedures to identify and quantify the nature and level of risk presented by concentrations, including review of reports describing changes in conditions in the Bank’s markets;

- (c) procedures to periodically review and revise, as appropriate, risk exposure limits and sub-limits to conform to any changes in the Bank's strategies and to respond to changes in market conditions;
- (d) periodic portfolio-level stress tests or sensitivity analysis to quantify the impact of changing economic conditions on asset quality, earnings, and capital;
- (e) appropriate strategies for managing concentration levels, including a contingency plan to reduce or mitigate concentrations in the event of adverse market conditions; and
- (f) periodic reports to the Board, to include the following, as appropriate:
 - (i) a summary of concentration levels, by type and subtype;
 - (ii) a synopsis of the Bank's market analysis;
 - (iii) a discussion of recommended strategies when concentrations approach or exceed Board-approved limits;
 - (iv) a synopsis of changes in risk levels by concentration type and subtype, with discussion of recommended changes in credit administration procedures (for example, underwriting practices, risk rating, monitoring, and training).

(2) Upon completion, the Board shall forward a copy of the program required in paragraph (1) of this Article, along with any concentration reports, studies, or analyses, to the Director for review.

ARTICLE XI

LOAN REVIEW

(1) Within sixty (60) days, the Board shall establish an effective, independent, and ongoing loan review program to review, at least quarterly, the Bank's loan and lease portfolios, to

assure the timely identification and categorization of problem credits. The program shall provide for a written report to be filed with the Board promptly after each review, and the program shall employ a loan and lease rating system consistent with the guidelines set forth in “Rating Credit Risk” and “Allowance for Loan and Lease Losses” Booklets of the *Comptroller’s Handbook*.

Such reports shall include, at a minimum:

- (a) the loan review scope and coverage parameters;
- (b) conclusions regarding the overall quality of the loan and lease portfolios;
- (c) the identification, type, rating, and amount of problem loans and leases;
- (d) the identification and amount of delinquent loans and leases;
- (e) loans and leases to the directors, executive officers, and principal shareholders of the Bank and to their related interests;
- (f) credit and collateral documentation exceptions;
- (g) the independence and appropriateness of the collateral valuation process;
- (h) loans meeting the criteria for non-accrual status and troubled debt restructure;
- (i) the identity of the loan officer(s) of each loan reported in accordance with subparagraphs (b) through (h);
- (j) concentrations of credit;
- (k) the identification and status of credit-related violations of law, rule, or regulation;
- (l) adequacy of the Bank’s Allowance for Loan and Lease Losses;
- (m) loans and leases in nonconformance with the Bank’s lending and leasing policies, and exceptions to the Bank’s lending and leasing policies.

(2) The Board shall evaluate the loan and lease review report(s) and shall ensure that the Bank takes immediate, adequate, and continuing remedial action, as appropriate, upon all findings noted in the report(s). At least quarterly, the Bank shall provide written reports to the Board on the remedial actions taken by the Bank upon findings noted in the loan review report(s). The Board shall also ensure that the Bank preserves documentation of any actions to collect or strengthen assets identified as problem credits.

ARTICLE XII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall immediately adopt and the Bank shall implement and thereafter adhere to a written program for the maintenance of an adequate Allowance for Loan and Lease Losses (“ALLL”). The program shall be consistent with the comments on maintaining a proper ALLL found in the Interagency Policy Statement on the ALLL contained in OCC Bulletin 2006-47 (December 13, 2006) and with “Allowance for Loan and Lease Losses” booklet of the *Comptroller’s Handbook*, and shall incorporate the following:

- (a) internal risk ratings of loans;
- (b) trends of delinquent and non-accrual loans;
- (c) results of the Bank’s independent loan review;
- (d) criteria for determining which loans will be reviewed under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 310 *Receivables* (Pre-codification reference: Statement of Financial Accounting Standards (“FAS”) Statement No. 114), how impairment will be determined, and procedures to ensure that the analysis of loans complies with ASC 310 requirements;

- (e) criteria for determining loan pools under ASC 310 (Pre-codification reference: FAS Statement No. 5) and an analysis of those loan pools;
 - (f) recognition of non-accrual loans in conformance with generally accepted accounting principles (“GAAP”) and call report instructions;
 - (g) loan loss experience;
 - (h) concentrations of credit; and
 - (i) present and projected economic and market conditions.
- (2) The program shall provide for a review and concurrence of the ALLL by the Board at least once each calendar quarter. Any deficiency in the ALLL shall be remedied in the quarter it is discovered, prior to filing the call report, by additional provisions from earnings. Written documentation shall be maintained of the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL and made available for review by National Bank Examiners.
- (3) Upon completion, the Board shall forward a copy of the program required in paragraph (1) of this Article, along with any periodic analyses or subsequent revisions to the program, to the Director for review.

ARTICLE XIII

LIQUIDITY RISK MANAGEMENT

- (1) The Bank must pay rates of interest on deposits that conform to the Federal Deposit Insurance Corporation’s (“FDIC”) restrictions. The Board must ensure that Bank management immediately reviews the Bank’s current deposits to identify expected or potential deposit runoff and current liquidity sources, including an analysis that considers progressively increasing liquidity stress scenarios.

(2) Within sixty (60) days, the Board shall revise and thereafter maintain a comprehensive liquidity risk management program, consistent with OCC Bulletin 2010-13, “Liquidity” (March 22, 2010), which assesses, on an ongoing basis, the Bank’s current and projected funding needs, and ensures that sufficient funds or access to funds exist to meet those needs. Such a program must include effective methods to achieve and maintain sufficient liquidity and to measure and monitor liquidity risk, to include at a minimum:

- (a) Strategies to maintain sufficient liquidity at reasonable costs including, but not limited to, the following:
 - (i) better diversification of funding sources, reducing the Bank’s reliance on brokered deposits and wholesale funding sources. The program should include reasonable policy limits for these types of funding sources and strategies for achieving and maintaining compliance with these new limits within reasonable time frames;
 - (ii) reducing rollover risk;
 - (iii) increasing liquidity through such actions as obtaining additional capital, placing limits on asset growth, aggressive collection of problem loans and recovery of charged-off assets, and asset sales; and
 - (iv) monitoring the projected impact on reputation, economic and credit conditions in the Bank's market(s).
- (b) The preparation of liquidity reports which shall be reviewed by the Board on at least a monthly basis, to include, at a minimum, the following:
 - (i) a certificate of deposit maturity schedule, including separate line items for brokered deposits and uninsured deposits, depicting

- maturities on a weekly basis for the next two (2) months and monthly for the following four (4) months, which schedule shall be updated at least weekly;
- (ii) a schedule of all funding obligations, including money market accounts, unfunded loan commitments, outstanding lines of credit and outstanding letters of credit, showing the obligations that can be drawn immediately, and on a weekly basis for the next two months and monthly for the following four months, which schedule shall be prepared and updated at least weekly;
- (iii) a listing of funding sources, prepared and updated on a weekly basis for the next two months and monthly for the following four months, including federal funds sold; unpledged assets and assets available for sale; and borrowing lines by lender, including original amount, remaining availability, type and book value of collateral pledged, terms, and maturity date, if applicable;
- (iv) a monthly sources and uses of funds report for a minimum period of six months, updated monthly, which reflects known and projected changes in asset and liability accounts, and the assumptions used in developing the projections. Such reports shall include, at a minimum:
1. the funding obligations and sources required by (b) and (c) of this paragraph;
 2. projected additional funding sources, including loan payments, loan sales/participations, or deposit increases; and

3. projected additional funding requirements from a reduction in deposit accounts including uninsured and brokered deposits, inability to acquire federal funds purchased, or availability limitations or reductions associated with borrowing relationships.
- (c) A contingency funding plan (“CFP”) that, on a monthly basis, forecasts funding needs and funding sources under different stress scenarios which represent management’s best estimate of balance sheet changes that may result from a liquidity or credit event. The CFP shall include:
 - (i) definitions of liquidity crises for the Bank and early warning triggers;
 - (ii) the preparation of reports which identify and quantify all sources of funding and funding obligations under best case and worst case scenarios, including asset funding, liability funding, and off-balance sheet funding;
 - (iii) specific plans detailing how the Bank will comply with restrictions or requirements set forth in this Order and 12 U.S.C. § 1831o, including the restrictions on brokered deposits in 12 C.F.R. § 337.6, as amended;
 - (iv) the identification of responsible Bank personnel to declare, manage, and resolve the crisis;
 - (v) a description of an internal and external communication process for disseminating relevant information; and

(vi) a process of regular testing to ensure that the CFP is operationally robust.

(3) The Board shall submit a copy of the comprehensive liquidity risk management program, along with the reports required by this Article, to the Director for review.

ARTICLE XIV

INTEREST RATE RISK MANAGEMENT

(1) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a revised written interest rate risk (“IRR”) policy. This policy shall ensure that the Bank has a proper measurement tool or model that captures the significant forms of interest rate exposure affecting the Bank’s performance, and be consistent with the “Interest Rate Risk” booklet of the *Comptroller’s Handbook*. The policy shall provide for a coordinated interest rate risk strategy and shall provide for, at a minimum, the following:

- (a) prudent limits on the nature and amount of interest rate risk that can be taken;
- (b) guidance on the Bank’s strategic direction and tolerance for interest rate risk;
- (c) implementation of effective tools to measure and monitor the Bank’s performance and overall interest rate risk profile;
- (d) adequate management reports on which to base sound interest rate risk management decisions; and
- (e) a periodic, independent review of the Bank’s adherence to the policy.

(2) Upon completion, the Board shall submit a copy of the revised policy to the Director for review.

(3) Within ninety (90) days, the Board shall ensure that assumptions used by management in the Bank's IRR model are reasonable. The review shall be conducted by an individual or third party with the expertise and independence to conduct the review, and the review shall be consistent with the "Interest Rate Risk" booklet of the *Comptroller's Handbook* and *OCC Bulletin 2000-16*, "Risk Modeling - Model Validation." Among the items that should be reviewed and validated are:

- (a) the appropriateness of the Bank's risk measurement system(s) given the nature, scope, and complexity of its activities;
- (b) the accuracy and completeness of the data inputs into the model;
- (c) the reasonableness and validity of scenarios and assumptions; and
- (d) the validity of the risk measurement calculations.

(4) Upon completion, the Board shall submit a copy of the reviews performed pursuant to paragraph (3) of this Article to the Director.

ARTICLE XV

CONSUMER COMPLIANCE PROGRAM

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules, and regulations. This program shall include, but not be limited to:

- (a) a written description of the duties and responsibilities of the compliance officer;
- (b) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;

- (c) the preparation of a policies and procedures manual covering all consumer protection laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;
- (d) semi-annual updates of the written policies and procedures manual to ensure it remains current; and
- (e) the education and training of all appropriate Bank personnel in the requirements of all federal and state consumer protection laws, rules and regulations.

Upon adoption, a copy of the program shall be forwarded to the Director for review.

- (2) Within ninety (90) days, the Board must develop and implement a comprehensive compliance audit function. This function should include an independent review of all products and services offered by the Bank. The function shall include but not be limited to the following:
 - (a) a risk-based audit program to test for compliance with consumer protection laws, rules, and regulations that includes an adequate level of transaction testing;
 - (b) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel; and
 - (c) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

ARTICLE XVI

BANK SECRECY ACT

- (1) Within ninety (90) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program of policies and procedures to provide for compliance with the Bank Secrecy Act, as amended (31 U.S.C. §§ 5311 et seq.).

the regulations promulgated thereunder at 31 C.F.R. Part 103, as amended, and 12 C.F.R. Part 21, Subparts B and C, and the rules and regulations of the Office of Foreign Assets Control (“OFAC”), 31 C.F.R. Chapter V, as amended (collectively referred to as the “Bank Secrecy Act” or “BSA”) and for the appropriate identification and monitoring of transactions that pose greater than normal risk for compliance with the BSA. This program shall include comprehensive policies, procedures and controls to:

- (a) identify and monitor transactions that pose greater than normal risk for compliance with the BSA;
- (b) record and maintain information about transactions that pose greater than normal risk for compliance with the BSA;
- (c) investigate and resolve the Bank's response to transactions that have been identified as posing greater than normal risk for compliance with the BSA;
- (d) perform sufficient due diligence prior to opening new accounts that provides for collecting customers' identifying information, verifying customers' identification, maintaining identification records, evaluating the BSA risk profile and determining whether customers appear on any list of suspected terrorists or terrorist organizations;
- (e) perform annual risk assessments which provide sufficient coverage of the Bank's operations, products, services and geographies of operation;
- (f) ensure that all suspicious and large currency transactions are identified and reported;
- (g) maintain records on monetary instrument transactions and funds transfers, as required by the BSA;

- (h) identify and report to appropriate management personnel receipt and disbursement of currency or monetary instruments that are suspicious or inconsistent with the customers' business and accounts opened in the name of or for the benefit of a financial institution or foreign bank, as defined in 31 C.F.R. § 103.11;
- (i) establish a method for introducing new products and services that ensures that the policies and procedures governing new products and services are consistent with the Bank's program for compliance with the BSA;
- (j) implement escalation procedures concerning customers with multiple filings of Suspicious Activity Reports ("SARs") or protracted periods of suspicious activity, which shall include a formal written account closing policy;
- (k) include a formal evaluation of the knowledge, capabilities and performance of the Bank's BSA staff for identifying transactions that pose greater than normal risk for compliance with the BSA, factoring in the BSA staff performance, experience and qualifications compared to their position descriptions, duties and responsibilities;
- (l) a comprehensive training program for all appropriate operational and supervisory personnel to ensure their awareness of their responsibility for compliance with the requirements of the OFAC and the BSA, including the reporting requirements associated with SARs pursuant to 12 C.F.R. Part 21, Subpart B, regardless of the size of the relationship or type of customer involved.

(2) Within ninety (90) days, the Board must develop and implement adequate written procedures to assist the staff in understanding the requirements of the Bank Secrecy Act ("BSA")

to ensure compliance with the implementing regulations. These written procedures shall include but not be limited to the following:

- (a) guidelines for daily activities such as deposit account opening, new loans, wire transfers, and sale of monetary instruments;
- (b) provisions for collecting and verifying customers' identifying information, including required documentation;
- (c) processes for monitoring large currency transactions across multiple bank locations and over multiple days;
- (d) guidelines for documenting and reporting suspicious activities, including instructions for accurately completing required forms and preparing appropriate narrative comments;
- (e) requirements for a comprehensive annual audit that includes sufficient transaction testing; and
- (f) requirements for appropriate training for all employees and directors, including training based on job-specific duties.

ARTICLE XVII

INFORMATION TECHNOLOGY

(1) The Board shall take all steps necessary to improve the management of the Bank's Information Technology ("IT") activities and to correct each deficiency cited in the most recent ROE and in any future audit reports or written regulatory communications.

(2) Within ninety (90) days, the Board shall develop, implement, and thereafter adhere to a written, well-documented, risk-based, internal IT audit program as described in the "Audit" booklet of the *FFIEC Information Technology Examination Handbook*. The Board shall ensure Bank management corrects all deficiencies noted in the most recent independent audit report, in any

ROE, and in any future audit reports or ROEs. To ensure timely completion and oversight of corrective actions, including procedures to prevent future deficiencies, the Bank management shall report progress to the Board, or a committee thereof, at least monthly.

(3) Within ninety (90) days, the Board shall develop, implement, and thereafter ensure adherence to a comprehensive, written information security program to ensure the safety and soundness of its operations and to support the Bank's efforts to comply with 12 C.F.R. Part 30, Appendix B, "Safeguarding Customer Information." The information security program shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The information security program shall be consistent with the security process described in the "Information Security" booklet of the *FFIEC Information Technology Examination Handbook*. At a minimum, the information security program shall include:

- (a) a corporate-wide assessment of the risks to the Bank's customer information or customer information systems and a written report evidencing such assessment. The assessment shall include:
 - (i) the identification of reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;
 - (ii) an assessment of the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and
 - (iii) an assessment of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks.

- (b) a process to monitor and control the identified risks, commensurate with the sensitivity of the information as well as the complexity and scope of Bank activities;
 - (c) a test plan that provides for regular testing of key controls, systems and procedures of its information security program. The frequency and nature of such tests shall be determined by the risk assessment. Such tests shall be conducted or reviewed by independent third parties or staff independent of those who develop or maintain the information security program.
- (4) Within ninety (90) days, the Board shall develop and implement a formal enterprise-wide business continuity process that complies with the requirements set forth in the “Business Continuity Planning” booklet of the *FFIEC Information Technology Examination Handbook*. At a minimum, the business continuity process shall include:
- (a) a business impact analysis that includes:
 - (i) the identification of the potential impact of uncontrolled, non-specific events on the Bank’s business processes and its customers; and
 - (ii) an estimation of the maximum downtime and acceptable levels of data, operations, and financial losses for each business unit.
 - (b) a risk assessment process that includes:
 - (i) the prioritization of potential business disruptions based upon severity and likelihood of occurrence;
 - (ii) a gap analysis comparing the Bank’s existing business resumption plans, if any, to what is necessary to achieve recovery time and point objectives; and

- (iii) an analysis of threats based upon the impact on the Bank, its customers, and the financial markets.
- (c) a risk management process that includes the development of a written, enterprise-wide business continuity plan (“BCP”); and
- (d) a risk monitoring process that includes:
 - (i) testing of the BCP on at least an annual basis;
 - (ii) independent audit and review of the BCP; and
 - (iii) updating the BCP based upon changes to personnel and the internal and external environments.

(5) The Board shall provide a quarterly written progress report on each of the requirements of this Article to the Director.

ARTICLE XVIII

INVESTMENT SECURITY PRE-PURCHASE ANALYSIS

(1) The Board must ensure that the Bank establishes and implements procedures to document the analysis of an investment security prior to purchase that addresses: how the transaction benefits the bank; how the transaction fits with the bank’s investment strategy; and the potential risks (i.e., credit and prepayment). The depth of analysis should be commensurate with the risk and complexity of the investment security considered for purchase, the materiality of the investment in relation to capital, and the potential impact the transaction would have on the overall quality of the investment portfolio as it relates to serving the liquidity and pledging needs of the bank.

(2) The Bank shall retain documentation of the analyses performed pursuant to paragraph (1) of this Article.

ARTICLE XIX

VIOLATIONS OF LAW

(1) The Board shall require and the Bank shall immediately take all necessary steps to correct each violation of law, rule, or regulation cited in any ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts. Within ninety (90) days after the violation is cited or brought to the Board's attention, the Bank shall provide to the Board a list of any violations that have not been corrected. This list shall include an explanation of the actions taken to correct the violation, the reasons why the violation has not yet been corrected, and a plan to correct the violation by a specified date.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt and the Bank (subject to Board review and ongoing monitoring) shall implement and thereafter ensure adherence to:

- (a) specific procedures to prevent future violations as cited in the most recent Report of Examination; and
- (b) general procedures addressing compliance management that incorporate internal control systems and education of employees regarding laws, rules, and regulations applicable to their areas of responsibility.

(3) Upon adoption, the Board shall forward a copy of these policies and procedures to the Director for review.

ARTICLE XX

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) If the Bank requires an extension of any timeframe within this Order, the Board shall submit a written request to the Director asking for relief. Any written requests submitted pursuant to this Article shall include a statement setting forth in detail the special circumstances

that prevent the Bank from complying with a provision and that require an extension of a timeframe within this Order.

(2) All such requests shall be accompanied by relevant supporting documentation, and any other facts upon which the Bank relies. The Director's decision concerning a request is final and not subject to further review.

ARTICLE XXI

OTHER PROVISIONS

(1) Although the Bank is required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Director, the Board has the ultimate responsibility for proper and sound management of the Bank and the completeness and accuracy of the Bank's books and records.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Order shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Except as otherwise expressly provided herein, any time limitations imposed by this Order shall begin to run from the effective date of this Order.

(4) The provisions of this Order are effective upon execution of this Order by the Comptroller, through his authorized representative whose signature appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Order shall have been amended, suspended, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Order in which the Board or a Board committee is required to ensure adherence to and undertake to perform certain obligations of the Bank, including the

obligation to implement plans, policies or other actions, it is intended to mean that the Board or Board committee shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Order;
- (b) require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Order;
- (c) follow-up on any non-compliance with such actions in a timely and appropriate manner; and
- (d) require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Order is intended to be, and shall be construed to be, a final order issued pursuant to 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States.

(7) The terms of this Order, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements, or prior arrangements between the parties, whether oral or written.

IT IS SO ORDERED, this 26th day of August, 2010.

/s/ *Henry Fleming*
Henry Fleming
Director for Special Supervision

**UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
COMPTROLLER OF THE CURRENCY**

In the Matter of:)
Ozark Heritage Bank, N.A.)
Mountain View, Arkansas)
AA-EC-10-83

**STIPULATION AND CONSENT TO THE ISSUANCE
OF A CONSENT ORDER**

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Ozark Heritage Bank, N.A., Mountain View, Arkansas (“Bank”), pursuant to 12 U.S.C. § 1818, through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to, among other issues, credit risk management and loan portfolio management;

WHEREAS, the Bank, in the interest of compliance and cooperation, and without admitting or denying any wrongdoing, consents to the issuance of a Consent Order, dated August 24, 2010 (“Order”) by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW THEREFORE, the Comptroller, through his authorized representative, and the Bank, through its duly elected and acting Board of Directors, hereby stipulate and agree to the following:

ARTICLE I

JURISDICTION

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1 *et seq.*

(2) The Comptroller is “the appropriate Federal banking agency” regarding the Bank, pursuant to 12 U.S.C. §§ 1813(q) and 1818(b).

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1818(b)(1).

ARTICLE II

ACKNOWLEDGMENTS

(1) The Bank acknowledges that said Order shall be deemed an “order issued with the consent of the depository institution,” as defined in 12 U.S.C. § 1818(h)(2), and consents and acknowledges that said Order shall become effective upon its issuance and shall be fully enforceable by the Comptroller under the provisions of 12 U.S.C. § 1818. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818, and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract.

(2) The Bank also expressly acknowledges that no officer or employee of the Comptroller has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller’s exercise of his supervisory responsibilities.

ARTICLE III

WAIVERS

(1) The Bank, by signing this Stipulation and Consent, hereby waives:

- (a) the issuance of a Notice of Charges pursuant to 12 U.S.C. § 1818(b);
- (b) any and all procedural rights available in connection with the issuance of the Order;
- (c) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i) or 12 C.F.R. Part 19;
- (d) all rights to seek any type of administrative or judicial review of the Order; and
- (e) any and all rights to challenge or contest the validity of the Order.

ARTICLE IV

OTHER PROVISIONS

- (1) The provisions of this Stipulation and Consent shall not inhibit, estop, bar, or otherwise prevent the Comptroller from taking any other action affecting the Bank if, at any time, the Comptroller deems it appropriate to do so to fulfill the responsibilities placed upon him by the several laws of the United States of America.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller as his representative, has hereunto set his hand on behalf of the Comptroller.

/s/ Henry Fleming

Henry Fleming
Director for Special Supervision

8/26/10

Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/s/ James A. Barnes _____ 8/24/2010 _____
James A. Barnes Date

/s/ Buddy Bolin _____ 8-24-2010 _____
Buddy Bolin Date

/s/ J.T. Compton _____ 8-24-2010 _____
J.T. Compton Date

Sonya K. Daniels Date

/s/ David L. Dunlap _____ 8-24-10 _____
David L. Dunlap Date

Gladys Ramey Date

/s/ Fred J. Williams _____ 8/24/10 _____
Fred Williams Date

/s/ Ron Willis _____ 8-24-10 _____
Ron Willis Date