

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

In the Matter of:)
Sonoran Bank, National Association)
Phoenix, Arizona)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over Sonoran Bank, National Association, Phoenix, Arizona (“Bank”).

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,” dated October 21, 2010, that is accepted by the Comptroller. 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.

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

ARTICLE I

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Order, the Board shall appoint a Compliance Committee of at least three (3) directors, of which no more than one (1) shall be an 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 Assistant Deputy

Comptroller. 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 sixty (60) days after: (i) the date of this Order; and (ii) the end of each calendar quarter thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

(a) a description of the action 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 Assistant Deputy Comptroller within ten (10) days of receiving such report.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems necessary to ensure implementation of and adherence to the requirements of this Order.

ARTICLE II

CAPITAL AND STRATEGIC PLAN

(1) Within ninety (90) days of the date of this Order, the Bank shall achieve and maintain, on an ongoing basis, the following capital levels (as defined in 12 C.F.R. Part 3):

(a) Tier 1 capital at least equal to ten percent (10%) of adjusted average assets; and

(b) Total risk-based capital at least equal to thirteen percent (13%) of risk-weighted assets;

(2) The requirement in this Order to achieve and maintain specific capital levels 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).

(3) Within ninety (90) days of the date of this Order, the Board shall develop, implement, and thereafter ensure Bank adherence to a written Capital and Strategic Plan for the Bank covering at least the next three years, complete with specific time frames that incorporate requirements of this Article. Copies of the Bank’s Capital and Strategic Plan shall be forwarded to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

(4) The Bank’s Capital and Strategic Plan shall establish projections for the Bank’s overall risk profile, earnings performance, growth expectations, balance sheet mix, off-balance sheet activities, liability structure, capital and liquidity adequacy, and product line development and market segments that the Bank intends to promote or develop, together with specific strategies to achieve those objectives, that are measurable, verifiable, and, at a minimum, address or include:

- (a) projections for capital and liquidity requirements based upon a detailed analysis of the Bank’s assets, liabilities, earnings, fixed assets, and off-balance sheet activities;
- (b) the primary source(s), especially those that are not credit sensitive, from which the Bank will strengthen its capital structure to meet the Bank’s needs;
- (c) contingency plans that identify alternative capital sources should the primary source(s) under subparagraph (b) not be available;

- (d) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the next three years that shall address or include consideration of the requirements of this Article;
- (e) The development of an earnings plan that contains quantifiable measures with specific implementation dates, individual responsibilities, and accountability to ensure that the Bank attains sustained earnings to support capital and liquidity;
- (f) an assessment of the Bank's present and future operating environment;
- (g) the identification of present and future product line development (assets and liabilities) and market segments that the Bank intends to develop or promote;
- (h) 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 developed pursuant to this Article;
- (i) specific plans to establish responsibilities and accountability for the strategic planning process, new products, proposed changes in the Bank's operating environment, reduction of problem assets, Bank-wide consistent application of policies and procedures, and the maintenance of adequate liquidity;

- (j) control systems to identify and reduce risk to earnings, capital, reputation, and liquidity, and risks associated with any proposed changes in the Bank's operating environment;
 - (k) concentration limits that reflect the Board's objectives and limitations for the Bank's risk profile;
 - (l) a dividend policy that only permits the declaration of a dividend in accordance with Paragraph (5) of this Article; and
 - (m) systems to monitor the Bank's progress in meeting the Capital and Strategic Plan's goals and objectives.
- (5) Effective immediately, the Bank shall only declare dividends when:
- (a) the Bank is in compliance with the Bank's Capital and Strategic Plan as described in this Article;
 - (b) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
 - (c) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(6) Upon completion, the Bank's Capital and Strategic Plan shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection.

Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the Capital and Strategic Plan. The Board shall review and update the Bank's Capital and Strategic Plan on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(7) If the Bank fails to submit an acceptable Capital and Strategic Plan as required by Paragraph (3) of this Article, fails to implement or adhere to the Capital and Strategic Plan to which the Assistant Deputy Comptroller has taken no supervisory objection pursuant to Paragraph (6) of this Article, or fails to maintain the minimum capital ratios as required by Paragraph (1) of this Article, then, in the sole discretion of the Assistant Deputy Comptroller and within thirty (30) days of receiving written notice from the OCC of such fact, the Bank shall develop and submit to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection, a Disposition Plan to either: (i) sell or merge the Bank, or (ii) liquidate the Bank in conformance with 12 U.S.C. § 181.

ARTICLE III

RISK RATING ACCURACY

(1) Effective immediately, the Board shall ensure that the risks associated with the Bank's loans are properly reflected and accounted for on the Bank's books and records using a loan grading system that is based upon current facts, existing repayment terms and that is consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*, to include the following corrective actions, at a minimum:

- (a) procedures for appropriately and timely risk rating and charging off loans are followed;
- (b) a requirement that lending officers must obtain and review all necessary financial documents in order to identify and support an accurate risk rating;

- (c) the President, Senior Loan Officer, and all lending officers receive immediate training with respect to the timely and accurate risk rating of assets and the requirements of this Article;
- (d) loan officers and management are held accountable for failing to appropriately and timely risk rate and/or place loans on nonaccrual; and
- (e) failures to properly risk rate and/or place loans on nonaccrual are considered in periodic performance reviews and compensation.

ARTICLE IV

CRITICIZED ASSETS

(1) The Bank shall take prompt, reasonable and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list of criticized loans provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days of the date of this Order, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum, a requirement that a Problem Loan Report ("PLR") be prepared for each "doubtful," "substandard," or "special mention" asset. PLR's must include, but not be limited to, the following items:

- (a) an identification of the expected sources of repayment;

- (b) the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;
- (c) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (d) the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred and fifty thousand dollars (\$150,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board, or a designated committee, shall conduct a review, on at least a quarterly basis, to determine:

- (a) the status of each criticized asset or criticized portion thereof that equals or exceeds one hundred and fifty thousand dollars (\$150,000);
- (b) management's adherence to the program adopted pursuant to this Article;
- (c) the status and effectiveness of the written program; and
- (d) the need to revise the program or take alternative action.

(5) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis.

(6) Prior to preparing the Bank's ALLL analysis, lending officers must meet and review each PLR to ensure that all relevant areas are commented upon and assessed to determine whether the reports are complete.

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are

- (a) the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and
- (b) a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

(8) A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE V

CREDIT UNDERWRITING AND ADMINISTRATION

(1) Within sixty (60) days of the date of this Order, the Board shall revise, enhance, and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, the Bank's loan policy to ensure that it provides sufficient guidance for proper credit underwriting and administration. These enhancements shall include, but not be limited to, the following items:

- (a) a requirement that loan policy exceptions are tracked, monitored and reported the Board;
- (b) external loan review must include credit underwriting and administration in its scope;
- (c) measures to ensure that the Bank has robust practices to independently review, underwrite, and monitor loan participations; and
- (d) a structured system to monitor covenant compliance.

(2) Upon completion, the Bank's revised loan policy shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the revised loan policy.

ARTICLE VI

APPRAISALS OF REAL PROPERTY

(1) Within sixty (60) days of the date of this Order, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection, a revised, written policy designed to ensure the Bank obtains real estate appraisals and evaluations in compliance with USPAP, 12 C.F.R. Part 34, Advisory Letter 2003-9, and OCC Bulletin 2005-6, to include at a minimum:

- (a) the establishment of criteria for obtaining updated appraisals, new appraisals, and evaluations;
- (b) the ordering of appraisals, independent of the lending function;
- (c) the use of Board approved appraisers only;

- (d) the development of procedures to ensure that appraisals, updates and evaluations are the appropriate type and ordered in a timely manner; and
- (e) the establishment and implementation of a policy requiring a meaningful review, independent of the lender, of all appraisals to include analysis commensurate with the type, size and complexity of the property being appraised.

(2) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the program, policies and procedures required by this Article.

ARTICLE VII

FUNDS MANAGEMENT

(1) Within sixty (60) days of the date of this Order, the Board shall enhance the Bank's Contingency Funding Plan ("CFP") to provide the Bank with the ability to secure funding in a timely manner at reasonable costs, to include, at minimum, the inclusion of a worst-case liquidity crisis scenario. The worst-case liquidity crisis scenario must include, but not be limited to, the following characteristics:

- (a) a prohibition of opening, renewing and/or rolling over brokered deposits;
- (b) the elimination of correspondent bank borrowing lines, especially any and all unsecured lines; and
- (c) a significant reduction of Federal Home Loan Bank borrowing availability.

(2) Within sixty (60) days of the date of this Order, the Board shall revise and improve the Bank's investment policy. The revised investment policy must include, but not be limited to, the following characteristics:

- (a) requirements for conducting and documenting pre-purchase analyses and annual reviews;
- (b) requirements for purchasing non-rated securities;
- (c) procedures to follow when securities fall below investment grade;
- (d) guidance regarding the proper method for review and documentation of investments for OTTI;
- (e) a policy regarding the types of municipal revenue bonds that the bank can purchase; and
- (f) a policy that requires management to ensure accurate reporting of compliance with Board approved limits and perform monitoring of available-for-sale securities as specified by the investment policy.

(3) Within sixty (60) days of the date of this Order, the Board shall take the following steps, at minimum, to enhance the Bank's Interest Rate Risk ("IRR") Policy:

- (a) a requirement that on at least an annual basis, the Board and management review the Bank's Interest Rate Risk (IRR) model assumptions and determine if the assumptions remain valid. This review and support for the assumptions must be documented in writing;
- (b) the Board must receive training to have a better understanding of the risk to earnings and capital posed by IRR; and

(c) a requirement that IRR limits are periodically reviewed to determine whether revision is necessary to reflect risk tolerance.

(4) Upon completion, the Bank shall submit a copy of the revised policies, plans and procedures required by this Article to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the policies, plans and procedures required by this Article.

ARTICLE VIII

ADMINISTRATIVE APPEALS AND EXTENSIONS OF TIME

(1) This Order becomes effective upon execution by the Assistant Deputy Comptroller. Unless otherwise specified, any time limitations set by this Order shall begin to run on the effective date of the Order.

(2) If the Bank contends that compliance with any provision of this Order would cause undue hardship to the Bank, or requires an extension of any timeframe within this Order, the Board shall submit a written request to the Assistant Deputy Comptroller 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, that require the Assistant Deputy Comptroller to exempt the Bank from a provision, or that require an extension of a timeframe within this Order.

(3) All such requests shall be accompanied by any supporting documentation, and, to the extent requested by the Assistant Deputy Comptroller, a sworn declaration or declarations setting forth any other facts upon which the Bank relies.

(4) The Assistant Deputy Comptroller's decision concerning a request made pursuant to this Article is subject to Article IX, Paragraph (4) of this Order, and is final and not subject to further review.

ARTICLE IX

CLOSING

(1) Although the Board is by this Order required to submit certain proposed actions and programs for the review or prior written determination of no supervisory objection of the Assistant Deputy Comptroller, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon it 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) Any time limitations imposed by this Order shall begin to run from the effective date of this Order. Such time limitations may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Order are effective upon issuance of this Order by the Comptroller, through his authorized representative whose hand 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 is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board 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(b), 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 21st day of October, 2010.

/s/

Steven D. Jacobs
Assistant Deputy Comptroller
Arizona/New Mexico Field Office

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

In the Matter of:)
Sonoran Bank, National Association)
Phoenix, Arizona)

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

The Comptroller of the Currency of the United States of America (“Comptroller”) intends to initiate cease and desist proceedings against Sonoran Bank, National Association (“Bank”) pursuant to 12 U.S.C. § 1818(b) through the issuance of a Notice of Charges for a Order to Cease and Desist for unsafe and unsound banking practices relating to a high level of classified assets, deficient earnings and risk management deficiencies at the Bank. The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated October 21, 2010 (“Order”);

In consideration of the above premises, 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).

(4) You are reminded that the Bank has been designated as in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(6). In addition, this Agreement shall cause the Bank not to be designated as an “eligible bank” for purposes of 12 C.F.R. § 5.3(g), unless otherwise informed in writing by the Comptroller.

ARTICLE II

Agreement

(1) The Bank, without admitting or denying any wrongdoing, hereby consents and agrees to the issuance of the Order by the Comptroller.

(2) The Bank further agrees 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 agrees 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(i). 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(i), 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.

(3) 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

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), 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 Action

(1) The Bank agrees that 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, it deems it appropriate to do so to fulfill the responsibilities placed upon it 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/

Steven D. Jacobs
Assistant Deputy Comptroller
Arizona/New Mexico Field Office

10/21/2010

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.

<u>/s/</u> Francisco Coumides	<u>10/21/10</u> Date
<u>/s/</u> Edmundo Hidalgo	<u>10/22/10</u> Date
<u>/s/</u> Daniel Laraway	<u>10/21/10</u> Date
<u>/s/</u> Loui Olivas	<u>10/21/10</u> Date
<u>/s/</u> Larry Pearl	<u>10/21/10</u> Date
<u>/s/</u> James Rike	<u>10/21/10</u> Date
<u>/s/</u> Guy Roll	<u>10/21/10</u> Date
<u>/s/</u> Luz Sarmina	<u>10/21/10</u> Date
<u>/s/</u> Ricardo Torres	<u>10/21/10</u> Date
<u>/s/</u> James W. Vigars	<u>10/21/10</u> Date