

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

In the Matter of:)
United Bank)
Springdale, Arkansas)

CONSENT ORDER

The Comptroller of the Currency of the United States of America (“Comptroller”), through his National Bank Examiner, has supervisory authority over United Bank, Springdale, Arkansas (“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 April 19, 2012, 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 ten (10) 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); See 12 U.S.C. § 1468(a)), 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 thirty (30) days of the date of this Order and quarterly 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 to ensure implementation of and adherence to this Article.

ARTICLE II

CRITICIZED ASSETS

(1) The Bank shall take immediate 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 provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days, the Board shall review, revise, 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 be effective in reducing criticized assets and shall require the Bank to consider for each criticized asset, at a minimum:

- (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 revision, a copy of the program shall be forwarded to the Assistant Deputy Comptroller within ten (10) days. Any subsequent modifications or additions to the program shall be forwarded to the Assistant Deputy Comptroller within ten (10) days of the modification or addition.

(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 two hundred fifty thousand dollars (\$250,000);
- (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 written review, including status updates for each criticized asset or criticized portion thereof that equals or exceeds two hundred fifty thousand dollars (\$250,000), shall be forwarded to the Assistant Deputy Comptroller quarterly. The status updates shall follow a format similar to Appendix A, attached hereto.

(6) 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 criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed two hundred fifty thousand dollars (\$ 250,000) only if each of the following conditions is met:

- (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.

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

(8) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article and the program developed pursuant to it.

ARTICLE III

LOAN PORTFOLIO MANAGEMENT

(1) The Board shall, within thirty (30) days, adopt, 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:

- (a) procedures to ensure satisfactory and perfected collateral documentation;
- (b) procedures to ensure that extensions of credit are granted, by renewal or otherwise, to any borrower only after obtaining and analyzing current and satisfactory credit information;
- (c) procedures for the retail loan portfolio to ensure the maintenance of underwriting standards to include a credible analysis of borrowers' capacity to repay all obligations according to individual loan terms, which procedures shall include consideration of:
 - (i) principal and interest obligations at the fully indexed rate;
 - (ii) a fully amortizing repayment schedule;
 - (iii) a reasonable estimate for real estate taxes and insurance (whether or not escrowed);
 - (iv) borrower's repayment of collection accounts; and
 - (v) income verification documentation;

- (d) prudent minimum credit standards, including appropriate credit score guidelines, loan-to-value guidelines, and debt-to-income ratios;
- (e) policies and underwriting standards for the Loans to Facilitate portfolio, which policies and standards must be commensurate with the heightened risk in the portfolio;
- (f) procedures to ensure conformance with loan approval requirements;
- (g) a system to track and analyze exceptions, which shall include with regard to credit exceptions:
 - (i) procedures to ensure lending officers are held accountable for timely receipt of financial information;
 - (ii) procedures to ensure financial analyses are commensurate with the complexity of the loan relationship, are comprehensive, and accurately reflect the borrower's ability to repay;
 - (iii) specific guidelines to prepare uniform cash flow analyses and post funding review, and to ensure they do not include incomplete or interim financial information; and
 - (iv) an annual review of new financial information on large commercial loans;
- (h) procedures to ensure the Bank obtains appraisals/evaluations in a timely manner, conducts appraisal reviews in a timely manner, and otherwise adheres to the requirements of 12 C.F.R. Part 164;
- (i) procedures to ensure the accuracy of internal management information systems;

- (j) 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 grading, timeliness in obtaining borrowers' financial information and other loan administration matters; and
- (k) procedures to track and analyze concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios.

(2) Upon completion, a copy of the program shall be forwarded to the Assistant Deputy Comptroller.

(3) Within sixty (60) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to systems which provide for effective monitoring of:

- (a) early problem loan identification to assure the timely identification and rating of loans and leases based on lending officer submissions;
- (b) statistical records that will serve as a basis for identifying sources of problem loans and leases by industry, size, collateral, division, group, indirect dealer, and individual lending officer;
- (c) previously charged-off assets and their recovery potential;
- (d) compliance with the Bank's lending policies and laws, rules, and regulations pertaining to the Bank's lending function;
- (e) adequacy of credit and collateral documentation; and
- (f) concentrations of credit.

(4) On a quarterly basis management shall provide the Board with written reports including, at a minimum, the following information:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent loans and leases;
- (c) credit and collateral documentation exceptions;
- (d) the identification and status of credit related violations of law, rule or regulation;
- (e) the identity of the loan officer who originated each loan reported in accordance with subparagraphs (a) through (d) of this Article and Paragraph;
- (f) an analysis of concentrations of credit, significant economic factors, and general conditions and their impact on the credit quality of the Bank's loan and lease portfolios;
- (g) the identification and amount of loans and leases to executive officers, directors, principal shareholders (and their related interests) of the Bank; and
- (h) the identification of loans and leases not in conformance with the Bank's lending and leasing policies, and exceptions to the Bank's lending and leasing policies.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article and the program and systems developed pursuant to it.

ARTICLE IV

CAPITAL PLAN & HIGHER MINIMUMS

(1) The Bank shall maintain the following capital levels (as defined in 12 C.F.R. Part 167, Subpart B):

- (a) Tier 1 Capital at least equal to eight percent (8%) of Adjusted Total Assets;
- (b) Total Risk-Based Capital at least equal to twelve percent (12%) of Risk-Weighted Assets.

(2) The requirement in this Agreement to 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 165 pursuant to 12 C.F.R. § 165.4(b)(1)(iv).

(3) Within thirty (30) days, the Board shall review, revise, and thereafter ensure Bank adherence to a three year capital program. The program shall include:

- (a) specific plans for the maintenance of capital commensurate with the bank’s risk profile, that may in no event be less than the requirements of paragraph (1);
- (b) capital requirements based upon a detailed analysis of the Bank’s projections of growth (which amount of growth shall not exceed five percent), 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 current and future needs;

- (d) the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;
- (e) contingency plans that identify alternative methods should the primary source(s) under (d) above not be available;
- (f) a dividend policy that permits the declaration of a dividend only:
 - (i) when the Bank is in compliance with its approved capital program;
 - (ii) with the submission of the application required pursuant to 12 C.F.R§ 163, Subpart E; and
 - (iii) with the prior written approval of the Supervisory Office.

(4) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior 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 program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article and the program developed pursuant to it.

ARTICLE V

RECOGNITION OF OTHER-THAN-TEMPORARY IMPAIRMENT

(1) Within sixty (60) days, the Board shall adopt, implement and thereafter ensure Bank adherence to an other-than-temporary impairment (“OTTI”) policy that ensures the timely

identification and ongoing monitoring of investment securities (debt and equity) with OTTI. The Policy shall include at a minimum:

- (a) procedures to ensure OTTI is identified and measured in accordance with GAAP and supervisory guidance, including Accounting Codification Standard 320, and Call Report Instructions;
 - (b) procedures to ensure the maintenance of adequate documentation to support management's fair value measurements and OTTI assessments; and
 - (c) a requirement for a written, quarterly review of all securities with a fair value significantly below amortized cost, which shall include the factors specified in ASC 320-10-35 and other applicable accounting guidance;
- (2) Written OTTI report(s) shall be filed with the Board after each quarterly review.

The Board shall evaluate the OTTI report(s) and shall ensure that immediate, adequate and continuing remedial action is taken upon all findings noted in the report(s).

(3) A copy of the report(s) submitted to the Board as well as documentation of the action taken by the Board and Management to address the findings noted in the report(s) shall be maintained at the Bank.

(4) The Bank's OTTI Policy shall be reviewed and validated by an independent party, who has the expertise to conduct the analysis, at least annually. A written OTTI report shall be submitted to the Board after each independent review.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to this Article and the program developed pursuant to it.

ARTICLE VI

LIQUIDITY AND CONTINGENCY FUNDING PLAN

(1) On an on-going basis, the Board shall ensure adequate sources of liquidity in relation to the Bank's needs. Liquidity must be maintained at a level that is sufficient to sustain the Bank's current operations and to withstand any anticipated or extraordinary demand against its funding base.

(2) Within sixty (60) days, the Bank shall review, revise, and thereafter ensure Bank adherence to a Contingency Funding Plan that is reasonable and effective in ensuring that the Bank will continue to operate with adequate liquidity in the event of extraordinary demands against its funding base. The Contingency Funding Plan shall be detailed and shall include:

- (a) identification of liquidity sources that will be available in the event of liquidity stress events and changes in collateral requirements in the event of liquidity stress events;
- (b) identification of secondary funding sources for contingent needs;
- (c) levels of liquid assets to be maintained;
- (d) identification of bank staff's responsibility during a liquidity crisis (including identifying primary and backup personnel to implement the Contingency Funding Plan, specific responsibilities and required timeframes);
- (e) identification of triggers or stress events that will result in the immediate implementation of the plan;
- (f) procedures to be utilized during the periodic testing of the Contingency Funding Plan;

- (g) procedures the Bank will use to obtain emergency funding or to transfer funds from one use to another;
- (h) identification of a detailed sequence of events that will result in the Bank mobilizing and committing key sources of funds for contingent needs;
- (i) identification of potential for funding erosion (magnitude and rate of outflow) by source of funds under multiple scenarios;
- (j) identification of potential liquidity risk posed by other Bank activities, such as asset sales and securitization programs; and
- (k) actions to be taken to remedy any liquidity or contingency funding plan deficiencies outlined in the current or any future ROE.

(3) The Board shall review the Bank's contingency plan on a quarterly basis, and require at a minimum testing of the plan to include:

- (a) testing of the funding lines that would be utilized in a liquidity crises; and
- (b) determining and identifying, if necessary, assets required to be pledged.

(4) After each quarterly review, the Board shall take appropriate action to ensure adequate sources of liquidity in relation to the Bank's needs.

(5) Monthly reports shall set forth liquidity requirements and sources and update the status of the Contingency Funding Plan. Copies of these reports shall be forwarded to the Assistant Deputy Comptroller in the Bank's quarterly report to the Assistant Deputy Comptroller.

(6) The Board shall ensure that the Bank has adequate processes, personnel, and control systems to ensure the implementation of and adherence to this Article and the program developed pursuant to it.

ARTICLE VII

VIOLATIONS OF LAW

- (1) The Board shall immediately take all necessary steps to ensure that Bank management corrects each violation of law, rule or regulation cited in the ROE and in any subsequent Report of Examination.
- (2) The quarterly reports required by Article I of this Order shall include the date and manner in which each correction has been effected during that reporting period.
- (3) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.
- (4) Within thirty (30) days of receipt of any subsequent Report of Examination which cites violations of law, rule, or regulation, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and education of employees regarding laws, rules and regulations applicable to their areas of responsibility.
- (5) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

(6) The Board shall ensure that the Bank has policies, processes, personnel, and control systems to ensure implementation of and adherence to this Article and the procedures developed pursuant to it.

ARTICLE VIII

CONCLUSION

(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 19th day of April, 2012.

/S/

F. Christian Dunn
Assistant Deputy Comptroller
Little Rock Field Office

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

In the Matter of:)
United Bank)
Springdale, Arkansas)

**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 United Bank, Springdale, Arkansas (“Bank”) pursuant to 12 U.S.C. § 1818(b) for unsafe and unsound banking practices including, but not limited to, failing to properly identify problem loans, failing to ensure adequate loan portfolio management, failing to ensure capital level commensurate with the Bank’s risk profile, failing to develop and implement policies and procedures to ensure the timely identification and ongoing monitoring of investment securities (debt and equity) with Other-than-Temporary-Impairment, failing to develop an adequately detailed Contingency Funding Plan, and failing to correct violations of law.

The Bank, in the interest of compliance and cooperation, consents to the issuance of a Consent Order, dated April 19, 2012 (“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 federal savings association examined by the Comptroller pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act.¹

(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) This Order shall cause the Bank to be designated as in “troubled condition,” as set forth in 12 C.F.R. § 163.555, unless otherwise informed in writing by the Comptroller. 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(h), 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

¹ On July 21, 2011, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”), Pub. L. No. 111-203, section 312, 124 Stat. 1376, 1521-23 (2010) (*codified at* 12 U.S.C. § 5412(b)(2)(B)(i)), all functions of the Office of Thrift Supervision relating to Federal savings associations (including the Bank) were transferred to the Office of the Comptroller of the Currency (“OCC”). As a result, on July 21, 2011, the OCC assumed responsibility for the ongoing examination, supervision, and regulation of Federal savings associations (including the Bank).

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 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;
- (2) all rights to a hearing and a final agency decision pursuant to 12 U.S.C. § 1818(i), 12 C.F.R. Part 19;
- (3) all rights to seek any type of administrative or judicial review of the Order; and
 - (4) 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/

F. Christian Dunn
Assistant Deputy Comptroller
Little Rock Field Office

4/19/12

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/ Richard L. Barclay	4/19/12 Date
/S/ Robert A. Corscadden, Jr.	4/19/12 Date
/S/ John B. Ervin	4/19/12 Date
/S/ Michelle A. Harrington	4/19/12 Date
/S/ R. Andrew McCurdy	4/19/12 Date
/S/ Darrin G. Pitts	4/19/12 Date
/S/ Donald R. Pitts	4/19/12 Date
/S/ John M. Scott	4/19/12 Date
/S/ Craig Young	4/19/12 Date