

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

In the Matter of:
Canyon Community Bank, N.A.
Tucson, Arizona

AA-WE-2013-43

CONSENT ORDER

WHEREAS, the Comptroller of the Currency of the United States of America (“Comptroller” or “OCC”), through his duly authorized representative, has supervisory authority over Canyon Community Bank, National Association, Tucson, Arizona (“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 July 29, 2013, that is accepted by the Comptroller through his duly authorized representative;

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 the following:

ARTICLE I

COMPLIANCE COMMITTEE

(1) The Compliance Committee shall consist of at least three (3) directors, the majority of which shall not be employees or controlling shareholders 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. In the event of a change in 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) By July 31, 2013, 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, Bank personnel responsible for implementing the corrective actions and the time frames for completion;
- (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 quarterly report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Order shall be forwarded to the:

Assistant Deputy Comptroller
Phoenix Field Office
9633 S. 48th Street, Suite 265
Phoenix, Arizona 85044

(6) The Board shall ensure 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) The Bank shall achieve immediately, and thereafter maintain, the following minimum capital ratios (as defined in 12 C.F.R. Part 3):

- (a) Tier 1 capital at least equal to nine percent (9%) of adjusted total assets; and
- (b) Total risk-based capital at least equal to twelve percent (12%) of risk-weighted assets.

(2) The requirement in this Article 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).

(3) During any period when the Bank is in noncompliance with the minimum capital ratios of paragraph (1) of this Article, the Board shall submit to the Assistant Deputy Comptroller a weekly written report of the Bank’s progress toward achieving compliance with the minimum capital ratios.

(4) The Bank may declare or pay a dividend or make a capital distribution only:

- (a) when the Bank is in compliance with the minimum capital ratios set forth in paragraph (1) of this Article;
- (b) when the Bank is in compliance with its approved Capital and Strategic Plan under paragraph (5) of this Article, and would remain in compliance with its approved Capital and Strategic Plan immediately following the declaration or payment of any dividend or capital distribution;
- (c) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(d) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller.

(5) Within thirty (30) days of the date of this Order, the Board shall forward to the Assistant Deputy Comptroller for his review, pursuant to paragraph (6) of this Article, an updated written Capital and Strategic Plan for the Bank that is acceptable to the Assistant Deputy Comptroller, covering at least a three (3) year period. The Capital and 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 and liquidity adequacy, together with strategies to achieve those objectives, and shall include, at a minimum:

(a) specific plans to achieve and maintain adequate capital consistent with the Bank's overall condition and risk profile, that may in no event be less than the requirements of Paragraph (1) of this Article, and shall include, at a minimum:

- (i) projections for growth or asset reduction and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, provision expense, and off balance sheet activities;
- (ii) projections of the sources and timing of additional capital to meet the Bank's current and future needs; and
- (iii) contingency plans that identify alternative methods should the primary capital sources be unavailable;

- (b) an action plan to achieve and maintain Bank earnings from sustainable sources and accomplish identified strategic goals and objectives within specific time frames;
- (c) a dividend policy that only permits the declaration or payment of a dividend or capital distribution in accordance with paragraph (4) of this Article;
- (d) a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the Capital and Strategic Plan;
- (e) a description of the assumptions used to determine financial projections and growth targets;
- (f) a mission statement that forms the framework for the establishment of strategic goals and objectives;
- (g) the strategic goals and objectives to be accomplished over the short term and long term, including key financial performance indicators, risk tolerances, quantifiable measures with specific implementation dates, individual responsibilities, and accountability to ensure the Bank attains sustained earnings to support capital and liquidity;
- (h) an assessment of the Bank's strengths, weaknesses, opportunities, and threats that impact strategic goals and objectives;
- (i) a description of the Bank's targeted market(s) and competitive factors in its identified target market(s) and a description of control systems to mitigate risks in the Bank's markets;

- (j) recognition that the Bank cannot offer or introduce new products, enter new market segments, or significantly expand any existing product unless it first develops appropriate systems, controls, and expertise to manage and control the associated risks, and receives prior written determination of no supervisory objection;
- (k) an assessment of present and planned product lines (assets and liabilities) and the identification of appropriate risk management systems to identify, measure, monitor, and control risks within the product lines;
- (l) a management employment and succession program to promote the retention and continuity of capable management;
- (m) systems to monitor the Bank's progress in meeting the Capital and Strategic Plan's goals and objectives;
- (n) concentration limits that reflect the Board's objectives and limitations for the Bank's risk profile;
- (o) an assessment of the Bank's present and future operating environment;
- (p) 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; and
- (q) provisions for review of and updates to the Capital and Strategic Plan by the Board on an annual basis, or more frequently if necessary.

(6) Prior to adoption by the Board, a copy of the Bank's written Capital and Strategic Plan shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. The Board shall review and update the Bank's Capital and Strategic Plan

at least annually and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing. Revisions to the Bank's Capital and Strategic Plan shall be submitted to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. At the next Board meeting following receipt of the Assistant Deputy Comptroller's written determination of no supervisory objection, the Board shall adopt the Capital and Strategic Plan. The Bank, subject to Board review and ongoing monitoring, shall implement and thereafter ensure adherence to the Capital and Strategic Plan and any amendments or revisions thereto.

(7) If the Board's Capital and Strategic Plan under this Article includes a proposed sale or merger of the Bank, the Capital and Strategic Plan shall, at a minimum, address the steps that will be taken and the associated timeline to effectuate the implementation of that proposal.

(8) Until the Capital and Strategic Plan required under this Article has been submitted by the Bank for the Assistant Deputy Comptroller's review, has received a written determination of no supervisory objection from the Assistant Deputy Comptroller, and is being implemented by the Bank, the Bank shall not significantly deviate from the products, services, asset composition and size, funding sources, structure, operations, policies, procedures, and markets of the Bank that existed before this Consent Order without first obtaining the Assistant Deputy Comptroller's prior written determination of no supervisory objection to such significant deviation. Any request to the Assistant Deputy Comptroller for prior written determination of no supervisory objection to a significant deviation must be submitted to the Assistant Deputy Comptroller thirty (30) days in advance of the proposed significant deviation, along with an assessment of the impact of such significant deviation 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 significant deviation.

(9) Once the Capital and Strategic Plan has received a written determination of no supervisory objection from the Assistant Deputy Comptroller and has been adopted by the Board, the Bank shall not initiate any action that significantly deviates from the Capital and Strategic Plan without a written determination of no supervisory objection from the Assistant Deputy Comptroller. The Board must give the Assistant Deputy Comptroller at least thirty (30) days advance written notice of its intent to deviate significantly from the Capital and 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 risks associated with the change in the Capital and Strategic Plan.

(10) For purposes of this Article, changes that may constitute a significant deviation from the Capital and Strategic Plan include, but are not limited to:

- (a) a change in the Bank's products and services, market segments, marketing strategies, marketing partners, 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 the aggregate, may have a material impact on the Bank's operations or financial performance; and
- (b) any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

(11) At least quarterly, the Board shall prepare a written evaluation of the Bank's performance against the Capital and Strategic Plan 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. The Board shall forward a copy of these quarterly reports to the Assistant Deputy Comptroller within ten (10) days of completion of its review.

(12) The Board shall review and update the Capital and Strategic Plan at least annually and more frequently if necessary or if required by the Assistant Deputy Comptroller in writing.

(13) If the Bank fails to achieve or maintain the minimum levels of capital as required by paragraph (1) of this Article, violates paragraph (5) of this Article, or fails to implement a Capital and Strategic Plan to which the Assistant Deputy Comptroller has provided a written determination of no supervisory objection, then the OCC may, in its sole discretion, deem the Bank to be undercapitalized for purposes of this Order. The Bank shall take such corrective measures as the OCC may direct in writing from among the provisions applicable to undercapitalized depository institutions under 12 U.S.C. § 1831o(e) and 12 C.F.R. Part 6. For purposes of this requirement, an action "necessary to carry out the purpose of this section" under 12 U.S.C. § 1831o(e)(5) shall include restoration of the Bank's capital to the minimum ratios required by paragraph (1) of this Article, and any other action deemed necessary by the OCC to address the Bank's capital deficiency or the safety and soundness of its operations.

ARTICLE III

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the Report of Examination ("ROE"), in any subsequent ROE, by

internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) The Board shall ensure Bank adherence to an effective written program designed to eliminate the basis of criticism of assets criticized in the ROE, in any subsequent ROE, 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 or address the following matters:

- (a) aggregate reporting of criticized asset levels by type to the Board or a designated committee thereof every month;
- (b) specific plans for the reduction of criticized assets by asset type with target reductions by month;
- (c) an identification of the expected sources of repayment;
- (d) the appraised value of supporting collateral and the position of the Bank’s lien on such collateral where applicable;
- (e) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and
- (f) 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 thousand dollars (\$100,000) 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 thousand dollars (\$100,000);
- (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) 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 ROE, 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 one hundred thousand dollars (\$100,000) only if each of the following conditions are 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.

ARTICLE IV

CREDIT RISK RATING

(1) The Board shall implement and ensure Bank adherence to a program designed to ensure that the risk associated with the Bank's loans is properly reflected and accounted for on the Bank's books and records, to include, at a minimum, provisions requiring that:

- (a) the Bank's loans and other assets are appropriately and timely risk rated and charged off by the lending officers 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*; and
- (b) officers and other appropriate personnel are held accountable, including in performance evaluations and compensation, for failing to appropriately and timely risk rate and/or place loans on nonaccrual.

(2) The Board shall employ a qualified consultant to perform semi-annual asset quality reviews of the Bank's loan portfolio. The scope of the external loan review shall provide for a written report to be filed with the Board after each review and shall use a loan and lease grading system consistent with the guidelines set forth in Rating Credit Risk, A-RCR, of the *Comptroller's Handbook*. Such reports shall, at a minimum, include comments and conclusions regarding:

- (a) the identification, type, rating, and amount of problem loans and leases;
- (b) the identification and amount of delinquent and nonaccrual loans;

- (c) the identification and status of credit related violations of law or regulation;
- (d) loans not in conformance with the Bank's lending policies;
- (e) credit underwriting and documentation exceptions;
- (f) credit analysis and documentation of such;
- (g) accuracy of internal risk ratings;
- (h) overall credit administration practices; and
- (i) completeness and effectiveness of problem loan workout plans.

(3) Prior to the appointment or employment of any new loan review consultant or entering into any contract with any new consultant, the Board shall submit the name and qualifications of the proposed consultant and the proposed scope and terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. After the OCC has advised the Bank that it does not take supervisory objection to the loan review consultant or the scope of the review, the Board shall immediately engage the loan review consultant pursuant to the proposed terms of the engagement.

(4) The Board or a designated committee shall review the independent loan review reports and ensure that, if appropriate, immediate, adequate, and continuing remedial action is taken upon the findings noted in the reports.

(5) A copy of the reports submitted to the Board, as well as documentation of the action taken by the Bank to collect or strengthen assets identified as problem credits, shall be maintained in the books and records of the Bank.

(6) The Bank shall not terminate the loan review consultant's asset quality review services without a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

ARTICLE V

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall ensure adherence to written policies and procedures for maintaining an appropriate Allowance for Loan and Lease Losses ("Allowance") in accordance with GAAP. The Allowance policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council's "Interagency Policy Statement on the Allowance for Loan and Lease Losses" dated December 13, 2006 (OCC Bulletin 2006-47), and July 20, 2001 (OCC Bulletin 2001-37), and shall at a minimum include:

- (a) procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification 310-10 (formerly known as FASB Statement of Financial Accounting Standards No. 114, Accounting by Creditors for Impairment of a Loan);
- (b) procedures for segmenting the loan portfolio and estimating loss on groups of loans, consistent with Accounting Standards Codification 450-20 (formerly known as FASB Statement of Financial Accounting Standards No. 5, Accounting for Contingencies);
- (c) procedures for validating the Allowance methodology; and
- (d) procedures to ensure that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:

- (i) trends in the Bank's internal risk ratings, delinquent and nonaccrual loans;
- (ii) results of the Bank's external loan review;
- (iii) concentrations of credit in the Bank;
- (iv) present and prospective economic conditions; and
- (v) applicable experience of the Bank's lending staff.

(2) The program shall provide for a process for summarizing and documenting, for the Board's review and approval, the amount to be reported in Call Reports for the Allowance. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Call Report, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

ARTICLE VI

AUDIT

- (1) The Board shall implement and ensure Bank adherence to an independent and comprehensive audit program that includes, at a minimum:
- (a) a documented link between risk assessment and the scope and frequency of audits;
 - (b) the development of an audit schedule that includes planned audit dates and is updated periodically to reflect changes in regulatory requirements, the Bank's systems and operating environment, and new products or services;
 - (c) a review of progress for all auditors at least quarterly to ensure scheduled audits are being completed and reported to the Audit Committee;

- (d) a requirement that compliance audit engagement letters require audit reports to contain sufficient detail, summary findings, whether issues identified represent new or repeat findings, and the risk to the Bank;
- (e) a formal written management response for all material negative audit findings and exceptions;
- (f) appropriate monitoring and documentation of corrective actions;
- (g) documentation of efforts to address audit weaknesses; and
- (h) adequate sample sizes and independent testing.

ARTICLE VII

CONSUMER COMPLIANCE

(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 written, risk-based 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, at a minimum:

- (a) a written description of the duties and responsibilities of the Compliance Officer;
- (b) the establishment of employee and management accountability for noncompliance with relevant consumer laws, rules, and regulations;
- (c) revised policies and procedures to ensure they provide appropriate guidance regarding all relevant consumer protection laws, rules, and regulations, to include in particular, the Home Mortgage Disclosure Act and the Flood Disaster Protection Act;

- (d) timely updates of written policies and procedures to ensure they remain current;
- (e) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
- (f) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;
- (g) a comprehensive independent audit program to adequately test for compliance with consumer protection laws, rules, and regulations;
- (h) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
- (i) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules, and regulations;
- (j) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel; and
- (k) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(2) After the OCC has advised the Bank that it does not take supervisory objection to the program required by this Article, the Board shall immediately implement and thereafter ensure adherence to its terms.

ARTICLE VIII

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 the most recent ROE, any subsequent ROE, or brought to the Board's or Bank's attention in writing by management, regulators, auditors, loan review, or other compliance efforts.

(2) The quarterly progress 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 ninety (90) 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 ROE and to prevent future violations as cited in subsequent ROEs; 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.

(4) Upon adoption, a copy of these procedures shall be promptly forwarded to the Assistant Deputy Comptroller.

ARTICLE IX

CLOSING

(1) Although the Bank is required to submit certain proposed actions and programs to the Assistant Deputy Comptroller for review or prior written determination of no supervisory

objection, 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) If, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States 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 requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board. The Assistant Deputy Comptroller's decision concerning an application for extension under this paragraph is final and not subject to review.

(4) The provisions of this Order 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 undertake and ensure adherence to certain obligations of the Bank, including the obligation to prepare, update, revise, develop, or implement plans, policies, or other actions, it is intended to mean that the Board shall:

- (a) authorize and adopt such actions on behalf of the Bank as may be necessary or appropriate for the Bank to perform its obligations under 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 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 29th day of July, 2013.

/s/

Steven D. Jacobs
Assistant Deputy Comptroller
Phoenix Field Office

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

<p>In the Matter of: Canyon Community Bank, N.A. Tucson, Arizona</p>

AA-WE-2013-43

**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 Canyon Community Bank, N.A., Tucson, Arizona (“Bank”), pursuant to 12 U.S.C. § 1818(b), through the issuance of a Notice of Charges, for unsafe or unsound banking practices relating to, among other things, Board and management oversight, credit risk management and administration, and violations of laws and regulations;

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 July 29, 2013 (“Order”), by executing this Stipulation and Consent to the Issuance of a Consent Order;

NOW, THEREFORE, in consideration of the above premises, the Comptroller, through his duly authorized representative, and the Bank, through its 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 Bank is an “insured depository institution” as defined in 12 U.S.C. § 1813(c)(2) and within the meaning of 12 U.S.C. § 1818(b).

(3) The Comptroller is the “appropriate Federal banking agency” within the meaning of 12 U.S.C. § 1813(q)(1) and for the purposes of 12 U.S.C. § 1818(b) to initiate an enforcement proceeding against the Bank.

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. The Bank further consents and agrees that the Order shall be deemed an “order issued with the consent of the depository institution” as used in 12 U.S.C. § 1818(h)(2), and consents and agrees that the 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).

(2) 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;
 - (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, he 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/

July 29, 2013

Steven D. Jacobs
Assistant Deputy Comptroller
Phoenix Field Office

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/

July 29, 2013

Gary Gibson

Date

/s/

July 29, 2013

Jodi Grassmeyer

Date

/s/

July 29, 2013

Chuck Luhtala

Date

/s/

July 29, 2013

Tim Prouty

Date

/s/

July 29, 2013

Richard Underwood

Date