

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

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|------------------------|-----------------------------------|
| _____ )                |                                   |
| In the Matter of )     | Order No.: WN-10-034              |
| )                      |                                   |
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| <b>UNITED BANK</b> )   | Effective Date: November 19, 2010 |
| )                      |                                   |
| Springdale, Arkansas ) |                                   |
| OTS Docket No. 07756 ) |                                   |
| _____ )                |                                   |

**ORDER TO CEASE AND DESIST**

**WHEREAS**, United Bank, Springdale, Arkansas, OTS Docket No. 07756 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

**WHEREAS**, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

**WHEREAS**, pursuant to delegated authority, the OTS Regional Director for the Western Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

**NOW, THEREFORE, IT IS ORDERED that:**

## **Cease and Desist.**

1. The Association, its institution-affiliated parties<sup>1</sup>, and its successors and assigns, shall cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting the following unsafe and unsound banking practices described more fully in the OTS Report of Examination, dated June 1, 2010 (2010 ROE):

- (a) operating the Association with an inadequate level of capital protection for the volume, type, and quality of assets held by the Association;
- (b) operating the Association with inadequate earnings to fund growth, support dividend payments, and augment capital;
- (c) operating the Association with a significant level of adversely classified loans;
- (d) operating with an inadequate Allowance for Loan and Lease Losses (ALLL) for the volume, type, and quality of loans and leases held; and
- (e) creating concentrations of credit.

2. The Association, its institution-affiliated parties, and its successors and assigns, shall also cease and desist from any action (alone or with others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following regulations:

- (a) 12 C.F.R. § 560.101 and Appendix (failure to maintain accurate records for loans exceeding supervisory loan-to-value limits);
- (b) 12 C.F.R. § 560.160 (failure to maintain adequate ALLL);
- (c) 12 C.F.R. § 562.1 (failure to file accurate Thrift Financial Reports (TFRs));

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<sup>1</sup> The term “institution affiliated party” is defined at 12 U.S.C. § 1813(u).

- (d) 12 C.F.R. § 563.161(a)(1) (failure to maintain updated financial planning); and
- (e) 12 C.F.R. § 563.161(a)((2) (failure to maintain adequate levels of liquid assets).

**Capital.**

3. By December 31, 2010, the Association shall have and maintain a Tier 1 (Core) Capital Ratio equal to or greater than eight percent (8%), after the funding of an adequate ALLL, and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%).<sup>2</sup>

**Capital Plan.**

4. By January 31, 2011, the Association shall submit to the Regional Director for review and comment a written plan for the period beginning with the quarter ending December 31, 2010 through the quarter ending December 31, 2013 to maintain the Association's capital at the levels prescribed in Paragraph 3 of this Order (Capital Plan). At a minimum, the Capital Plan shall:

- (a) identify the specific sources of additional capital and the timeframes and methods by which additional capital will be raised, including specific target dates and corresponding capital levels;
- (b) detail the Association's capital preservation and enhancement strategies with specific narrative goals;
- (c) address the requirements and restrictions imposed by this Order relating to capital under three (3) different forward-looking scenarios involving progressively stressed economic environments;
- (d) address all corrective actions set forth in the 2010 ROE relating to capital;

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<sup>2</sup> The requirement in Paragraph 3 of the Order to have and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. §1831o and 12 C.F.R. Part 565, pursuant to 12 C.F.R. § 565.4(b)(1)(iv).

(e) include detailed quarterly financial projections, including Tier 1 (Core) and Total Risk-Based Capital Ratios, beginning with the quarter ending December 31, 2010 through the quarter ending December 31, 2013;

(f) address the Association's level of classified assets, ALLL, earnings, asset concentrations, liquidity needs, and trends in the foregoing areas; and

(g) address current and projected trends in real estate market conditions.

5. Upon receipt of written notification from the Regional Director that the Capital Plan is acceptable, the Association shall implement and adhere to the Capital Plan. A copy of the Capital Plan and the Board meeting minutes reflecting the Board's adoption thereof shall be provided to the Regional Director within ten (10) days after the Board meeting.

6. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Association shall submit to the Board a report detailing the Association's compliance with the Capital Plan (Quarterly Capital Report). At a minimum, the Quarterly Capital Report shall include:

(a) a comparison of actual operating results to projected results;

(b) detailed explanations of any material deviations<sup>3</sup>; and

(c) a discussion of specific corrective actions or measures that have been or will be implemented to address each material deviation.

The Board's review of the Quarterly Capital Report shall be documented in the Board meeting minutes. Within ten (10) days after the Board meeting, the Association shall submit a copy of the Quarterly Capital Report and the Board meeting minutes reflecting the Board's review of the

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<sup>3</sup> A deviation shall be considered material under this Paragraph of the Order when the Association determines that it needs to adjust its identified sources of additional capital, timeframes, methods, or target dates by which it will raise capital.

Quarterly Capital Report to the Regional Director.

7. Within fifteen (15) days after: (a) the Association fails to meet the capital requirements prescribed in Paragraph 3 of this Order; (b) the Association fails to submit a Capital Plan prescribed in Paragraph 4 of this Order; (c) the Association fails to comply with the Capital Plan prescribed by Paragraph 4 of this Order; or (d) any written request from the Regional Director, the Association shall submit a written Contingency Plan that is acceptable to the Regional Director.

8. The Contingency Plan shall detail the actions to be taken, with specific time frames, to achieve one of the following results by the later of the date of receipt of all required regulatory approvals or sixty (60) days after the implementation of the Contingency Plan: (a) merger with, or acquisition by, another federally insured depository institution or holding company thereof; or (b) voluntary dissolution by filing an appropriate application with the OTS in conformity with applicable laws, regulations, and regulatory guidance.

9. Upon receipt of written notification from the Regional Director, the Association shall implement and adhere to the Contingency Plan immediately. The Association shall provide the Regional Director with written status reports detailing the Association's progress in implementing the Contingency Plan by no later than the first (1<sup>st</sup>) and fifteenth (15<sup>th</sup>) of each month following implementation of the Contingency Plan.

**Business Plan.**

10. By January 31, 2011, the Association shall submit an updated comprehensive business plan for the period beginning with the quarter ending March 31, 2011 through the quarter ending December 31, 2013 (Business Plan) to the Regional Director for review and comment. At a minimum, the Business Plan shall conform to applicable laws, regulations, and regulatory

guidance, address all corrective actions in the 2010 ROE relating to the Association's Business Plan, and include:

- (a) a plan to improve the Association's core earnings, increase core deposits, maintain appropriate levels of liquidity, provide for adequate ALLL, and achieve profitability on a consistent basis throughout the term of the Business Plan;
- (b) strategies for ensuring that the Association has the financial and personnel resources necessary to implement and adhere to the Business Plan, adequately support the Association's risk profile, and comply with this Order;
- (c) the targets set forth in the Capital Plan required by Paragraph 4 of this Order, the Problem Asset Reduction Plan required by Paragraph 15 of this Order, the Concentration Risk Reduction Plan required by Paragraph 21 of this Order, and the Asset/Liability Management Policy and Contingency Funding Plan required by Paragraph 25 of this Order;
- (d) quarterly pro forma financial projections (balance sheet, regulatory capital ratios, and income statement) for each quarter covered by the Business Plan presented in a format consistent with the TFR; and
- (f) identification of all relevant assumptions made in formulating the Business Plan and a requirement that documentation supporting such assumptions be retained by the Association.

11. Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement and adhere to the Business Plan.

12. Any material modifications<sup>4</sup> to the Business Plan must receive the prior written notice of non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

13. Within thirty (30) days after the end of each quarter, after implementation of the Business Plan, the Board shall review quarterly variance reports on the Association's compliance with the Business Plan (Business Plan Variance Reports). The Business Plan Variance Reports shall:

- (a) identify variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken to address identified variances.

14. A copy of the Business Plan Variance Reports and Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

**Problem Assets.**

15. By December 31, 2010, the Association shall submit to the Regional Director for review and comment a detailed, written plan with specific strategies, targets and timeframes to reduce<sup>5</sup> the Association's level of classified assets and criticized assets<sup>6</sup> (Problem Asset Reduction Plan).

The Problem Asset Reduction Plan, at a minimum, shall include:

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<sup>4</sup> A modification shall be considered material under this Paragraph of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

<sup>5</sup> For purposes of this Paragraph of the Order, the term "reduce" means to collect, sell, charge off, or improve the quality of an asset sufficient to warrant its removal from adverse criticism or classification.

<sup>6</sup> For purposes of this Paragraph of the Order, the term "criticized assets" means assets designated special mention.

- (a) quarterly targets for the level of: (i) classified assets as a percentage of Tier 1 (Core) capital plus ALLL and total assets; and (ii) criticized assets as a percentage of Tier 1 (Core) capital plus ALLL and total assets;
- (b) a description of the methods for reducing the Association's level of classified assets and criticized assets to the established targets; and
- (c) all relevant assumptions and projections based on a best-case scenario, a worst-case scenario, and a most probable case scenario, and documentation supporting such assumptions and projections.

16. Upon receipt of written notification from the Regional Director that the Problem Asset Reduction Plan is acceptable, the Association shall implement and adhere to the Problem Asset Reduction Plan. The Board's review and adoption of the Problem Asset Reduction Plan shall be documented in the Board meeting minutes. A copy of the Board meeting minutes shall be provided to the Regional Director within ten (10) days of adoption by the Board.

17. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Association shall submit a quarterly written asset status report (Quarterly Asset Report) to the Board. The Board's review of the Quarterly Asset Report shall be documented in the Board meeting minutes. The Quarterly Asset Report shall include, at a minimum:

- (a) the current status of any specific workout plans for classified assets;
- (b) a comparison of classified assets and criticized assets to Tier 1 (Core) capital plus ALLL and Total Risk-Based capital;
- (c) a comparison of classified assets and criticized assets at the current quarter end with the preceding quarter;

- (d) a breakdown of classified assets and criticized assets by type and risk factor, e.g., construction loans, multifamily loans, nonresidential loans, land loans, and commercial mortgage loans;
- (e) an assessment of the Association's compliance with the Problem Asset Reduction Plan;
- (f) a discussion of the actions taken during the preceding quarter to reduce the Association's level of classified assets and criticized assets; and
- (g) any recommended revisions or updates to the Problem Asset Reduction Plan.

**Allowance for Loan and Lease Losses.**

18. By December 31, 2010, the Association shall revise its policies, procedures, and methodology relating to the timely establishment and maintenance of an adequate ALLL level (ALLL Policy) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to ALLL and that it is acceptable to the Regional Director. The ALLL Policy shall comply with applicable laws, regulations, and regulatory guidance.

19. Immediately upon the Board's adoption of the ALLL Policy, the Association shall implement and adhere to the ALLL Policy. The Board's review and adoption of the ALLL Policy shall be documented in the Board meeting minutes. A copy of the ALLL Policy shall be provided to the Regional Director within ten (10) days of adoption by the Board.

20. Within thirty (30) days after the end of each quarter, beginning with the quarter ending March 31, 2011, the Association shall analyze the adequacy of its ALLL consistent with its ALLL Policy (Quarterly ALLL Report). The Board's review of the Quarterly ALLL Report, including, but not limited to, all qualitative factors considered in determining the adequacy of the Association's ALLL, shall be fully documented in the Board meeting minutes. Any deficiency

in the ALLL shall be remedied by the Association in the quarter in which it is discovered and before the Association files its TFR with the OTS. A copy of the Quarterly ALLL Report and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

**Concentrations.**

21. By December 31, 2010, the Association shall revise and submit to the Regional Director for review and comment its written program for identifying, monitoring, and controlling risks associated with concentrations of credit and liabilities (Concentration Risk Reduction Plan) to ensure that it addresses all corrective actions set forth in the 2010 ROE relating to concentrations of credit and liabilities. The Concentration Risk Reduction Plan shall comply with all applicable laws, regulations, and regulatory guidance and shall:

- (a) establish comprehensive concentration limits expressed as a percentage of Tier 1 (Core) Capital plus ALLL, and document the appropriateness of such limits based on the Association's risk profile;
- (b) establish: (i) stratification categories of the Association's concentrations of credit, including, but not limited to, land loans, construction loans, home equity lines of credit, multifamily loans, nonresidential real estate loans, commercial loans, loans to borrowers exceeding two million dollars (\$2,000,000), concentration of loans in excess of supervisory loans-to-value limits, and commercial loans; and (ii) enhanced risk analysis, monitoring, and management for each stratification category;
- (c) establish: (i) stratification categories of the Association's concentrations of liabilities, including, but not limited to, large depositors with balances greater than seven hundred fifty thousand dollars (\$750,000), Federal Home Loan Bank advances, and

brokered deposits; and (ii) enhanced risk analysis, monitoring, and management for each stratification category;

(d) contain specific review procedures and reporting requirements, including written reports to the Board, designed to identify, monitor, and control the risks associated with concentrations of credit and liabilities and periodic market analysis for the various property types and geographic markets represented in its portfolio; and

(e) contain a written action plan, including specific time frames, for bringing the Association into compliance with its limits on concentration of credit and liabilities.

22. Upon receipt of written notification from the Regional Director that the Concentration Risk Reduction Plan is acceptable, the Association shall implement and adhere to the Concentration Risk Reduction Plan. The Board's review of the Concentration Risk Reduction Plan shall be documented in the Board meeting minutes.

23. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review the appropriateness of the Association's concentration of credit and liabilities limits, given current conditions and the Association's compliance with its Concentration Risk Reduction Plan, including the written action plan to revise the current level of concentrations of credit and liabilities. The Board's review of the Association's Concentration Risk Reduction Plan shall be documented in the Board meeting minutes.

**Operating Restrictions.**

24. Effective immediately, without the prior written notice of non-objection of the Regional Director, the Association shall not:

(a) make, purchase, or commit to make or purchase any new commercial real estate

loan<sup>7</sup> unless: (i) the borrower provides up-front cash equity of at least fifteen percent (15%) of the current appraised value of the commercial property; and (ii) the loan does not cause the Association to exceed the concentration limit of two hundred fifty percent (250%) of Tier 1 (Core) capital plus ALLL for commercial real estate loans;

(b) make, purchase, or commit to make or purchase any loan with a loan-to-value in excess of the applicable supervisory loan-to-value limit that is set forth in the Appendix to 12 C.F.R. § 560.101; and

(c) extend or commit to extend additional credit or new funds to a borrower/guarantor in a troubled debt restructuring<sup>8</sup>; establish or commit to establish an interest reserve in a troubled debt restructuring; or make or commit to make a loan advance to fund an interest reserve in a troubled debt restructuring.

### **Liquidity Management.**

25. By December 31, 2010, the Association shall revise its liquidity and funds management policy (Asset/Liability Management Policy) and its Contingency Funding Plan to ensure that they are acceptable to the Regional Director and that address all corrective actions set forth in the 2010 ROE relating to liquidity and funds management. The Asset/Liability Management Policy and the Contingency Funding Plan shall comply with all applicable laws, regulations, and regulatory guidance and shall include, at a minimum:

(a) a minimum ratio of liquid assets to total assets;

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<sup>7</sup> For purposes of this Paragraph of the Order, commercial real estate loans include all: (a) construction loans, except for those loans secured by a single-family dwelling and the borrower provides up-front cash equity of at least fifteen percent (15%) of the current appraised value of the property or there exists a firm take-out commitment for permanent financing of the loan by another financial institution; (b) land development loans; (c) multifamily (five (5) or more units) loans; (d) nonresidential real estate loans; and (e) land loans.

<sup>8</sup> For purposes of this Paragraph of the Order, a “troubled debt restructuring” is defined in OTS Examination Handbook § 240.

- (b) a maximum ratio of Federal Home Loan Bank advances to total assets, including lines of credit, fixed-rate, amortizing and total advances;
- (c) a maximum ratio of wholesale funding sources to total assets; and
- (d) maximum projected permissible cash flow shortfalls for specific time periods.

26. The Board's review and adoption of the Asset/Liability Management Policy and the Contingency Funding Plan and review the reports required by Paragraph 27 of this Order shall be documented in the Board meeting minutes. A copy of the Asset/Liquidity Management Policy and the Contingency Funding plan shall be provided to the Regional Director within ten (10) days of adoption by the Board.

27. At the end of each month, beginning with the first month after the Effective Date of this Order or in accordance with time frames established in writing by the Regional Director, the Association shall submit to the Board and the Regional Director a written assessment of the Association's current liquidity position (Liquidity Report). The Liquidity Report shall include an assessment of the Association's compliance with its Asset/Liability Management Policy and Contingency Funding Plan. At a minimum, the Liquidity Report shall include:

- (a) cash on hand;
- (b) a maturity schedule of certificates of deposit, including, but not limited to, large uninsured deposits and brokered deposits;
- (c) the volatility of demand deposits, including escrow deposits;
- (d) a schedule of all funding obligations, including money market accounts, unfunded loan commitments, outstanding lines of credit, and outstanding letters of credit;
- (e) a listing of funding sources, 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;

- (f) an analysis of the continuing availability and volatility of present funding sources;
- (g) an analysis of the impact of decreased cash flow from the Association's loan portfolio resulting from delinquent and non-performing loans; and
- (h) an analysis of the impact of decreased cash flow from the sale of loans or loan participations.

28. Within five (5) days of receipt of communication from a Federal Home Loan Bank, Federal Reserve Bank, correspondent bank, or government agency with collateralized public unit deposits regarding changes in the Association's borrowing and/or collateral requirements, the Association shall notify the Regional Director of such communication.

**Growth.**

29. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director.

**Brokered Deposits.**

30. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. § 337.6(b). The Association shall provide to the Regional Director a copy of any waiver request submitted to the Federal Deposit Insurance Corporation.

31. By December 31, 2010, the Association shall submit a detailed brokered deposit plan that is acceptable to the Regional Director covering the period beginning with the quarter ending December 31, 2010 through the quarter ending December 31, 2013 (Brokered Deposit Plan). At a minimum, the Brokered Deposit Plan shall include:

- (a) a detailed description of the current level and composition of the Association's brokered deposits, including the source of each deposit and its maturity date;
- (b) comprehensive cash flow and brokered deposit projections forecasting funding needs and sources for each calendar quarter covered by the Brokered Deposit Plan; and
- (c) detailed strategies to reduce the current level of brokered deposits, which shall include target dates and amounts.

32. Upon receipt of written notice of non-objection from the Regional Director, the Association shall implement and adhere to the Brokered Deposit Plan. A copy of the Brokered Deposit Plan shall be provided to the Regional Director within ten (10) days after the Board meeting.

33. Any modifications to the Brokered Deposit Plan must receive the prior written notice of non-objection of the Regional Director. The Association shall submit any proposed modifications to the Regional Director at least thirty (30) days prior to implementation of any modifications.

34. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review quarterly variance reports on the Association's compliance with the Brokered Deposit Plan.

**Dividends and Other Capital Distributions.**

35. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director in accordance with applicable regulations and regulatory guidance. The Association's written request for approval shall be submitted to the

Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment, or distribution of capital.

**Directorate and Management Changes.**

36. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers<sup>9</sup> set forth in 12 C.F.R. Part 563, Subpart H.

**Golden Parachute and Indemnification Payments.**

37. Effective immediately, the Association shall not make any golden parachute payment<sup>10</sup> or prohibited indemnification payment<sup>11</sup> unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

**Employment Contracts and Compensation Arrangements.**

38. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the Regional Director with not less than forty-five (45) days prior written notice of the proposed transaction. The notice to the Regional Director shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the Regional Director fully complies with the

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<sup>9</sup> The term “Senior Executive Officer” is defined at 12 C.F.R. § 563.555.

<sup>10</sup> The term “golden parachute payment” is defined at 12 C.F.R. § 359.1(f).

<sup>11</sup> The term “prohibited indemnification payment” is defined at 12 C.F.R. § 359.1(l).

requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

39. The Association shall not make any bonus payment to, or otherwise increase compensation of, any of its Senior Executive Officers or directors unless it first: (a) provides the Regional Director with not less than forty-five (45) days prior written notice of such proposed bonus or increase, including all documentation required to evaluate the proposed bonus or increase; and (b) receives written notice of non-objection to the proposed bonus or increase from the Regional Director.

**Transactions with Affiliates.**

40. Effective immediately, the Association shall not engage in any new transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph complies with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223.

**Third Party Contracts.**

41. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association<sup>12</sup> or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a

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<sup>12</sup> A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital, where there is a foreign service provider, or where it involves information technology that is critical to the Association's daily operations without regard to the contract amount.

minimum of thirty (30) days prior written notice of such arrangement or contract and a written determination that the arrangement or contract complies with the standards and guidelines set forth in Thrift Bulletin 82a; and (b) received written notice of non-objection from the Regional Director.

**Violations of Law.**

42. By December 31, 2010, the Association shall ensure that all violations of law and/or regulation discussed in the 2010 ROE are corrected and that adequate policies, procedures and systems are established or revised and thereafter implemented to prevent future violations.

**Board Oversight of Compliance with this Order.**

43. Effective immediately, the Board shall monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the 2010 ROE. The Board shall review and adopt all policies and procedures required by this Order prior to submission to the Regional Director.

44. Within thirty (30) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Association shall prepare a written compliance progress report for the Board (Compliance Tracking Report). The Compliance Tracking Report shall, at a minimum:

- (a) separately list each corrective action required by this Order and the 2010 ROE;
- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action.

45. Within forty-five (45) days after the end of each quarter, beginning with the quarter ending December 31, 2010, the Board shall review the Compliance Tracking Report and all reports required to be prepared by this Order. Following its review, the Board shall adopt a

resolution: (a) certifying that each director has reviewed the Compliance Tracking Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Tracking Report and the Board resolution shall be provided to the Regional Director within ten (10) days after the Board meeting.

46. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Order.

**Effective Date, Incorporation of Stipulation.**

47. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

**Duration.**

48. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

**Time Calculations.**

49. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

50. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

**Submissions and Notices.**

51. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

52. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S.

mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:  
Philip A. Gerbick, Regional Director  
Attn: Vivian Carlton, Assistant Director  
Office of Thrift Supervision  
225 East John Carpenter Freeway, Suite 500  
Irving, Texas 75062-3326  
Facsimile: (972) 277-9501
  
- (b) To the Association:  
Attn: John Scott, CEO  
United Bank  
2600 South Thompson  
Springdale, Arkansas 72764  
Facsimile: (866) 897-2839

**No Violations Authorized.**

53. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

**IT IS SO ORDERED.**

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/ \_\_\_\_\_  
Philip A. Gerbick  
Regional Director, Western Region

Date: See Effective Date on page 1

**UNITED STATES OF AMERICA**  
**Before the**  
**OFFICE OF THRIFT SUPERVISION**

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| In the Matter of )     | Order No.: WN-10-034              |
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| <b>UNITED BANK</b> )   | Effective Date: November 19, 2010 |
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| Springdale, Arkansas ) |                                   |
| OTS Docket No. 07756 ) |                                   |
| _____ )                |                                   |

**STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST**

**WHEREAS**, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed United Bank, Springdale, Arkansas, OTS Docket No. 07756 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

**WHEREAS**, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

**WHEREAS**, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or

denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs 1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

**Jurisdiction.**

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).
2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

**OTS Findings of Fact.**

3. Based on its examination of the Association, as described more fully in the Report of Examination dated June 1, 2010 (2010 ROE), the OTS finds that the Association has engaged in unsafe or unsound banking practices, including;
  - (a) operating the Association with an inadequate level of capital protection for the volume, type, and quality of assets held by the Association;
  - (b) operating the Association with inadequate earnings to fund growth, support dividend payments, and augment capital;
  - (c) operating the Association with a significant level of adversely classified loans;
  - (d) operating with an inadequate Allowance for Loan and Lease Losses (ALLL) for the volume, type, and quality of loans and leases held; and

- (e) creating concentrations of credit.
4. As further described in the 2010 ROE, the OTS also finds that the Association has engaged in violations of law and regulation, including:
- (a) 12 C.F.R. § 560.101 and Appendix (failure to maintain accurate records for loans exceeding supervisory loan-to-value limits);
  - (b) 12 C.F.R. § 560.160 (failure to maintain adequate ALLL);
  - (c) 12 C.F.R. § 562.1 (failure to file accurate Thrift Financial Reports);
  - (d) 12 C.F.R. § 563.161(a)(1) (failure to maintain updated financial planning); and
  - (e) 12 C.F.R. § 563.161(a)((2) (failure to maintain adequate levels of liquid assets).

**Consent.**

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

**Finality.**

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective, and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

**Waivers.**

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and
- (d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

**OTS Authority Not Affected.**

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

**Other Governmental Actions Not Affected.**

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

**Miscellaneous.**

10. The laws of the United States of America shall govern the construction and validity of

this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

**Signature of Directors/Board Resolution.**

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting. A copy of the Board Resolution authorizing execution of this Stipulation shall be delivered to the OTS, along with the executed original(s) of this Stipulation.

**WHEREFORE**, the Association, by its directors, executes this Stipulation.

Accepted by:

**UNITED BANK**  
**Springdale, Arkansas**

**OFFICE OF THRIFT SUPERVISION**

By:                   /s/                    
Donald R. Pitts, Chairman

By:                   /s/                    
Philip A. Gerbick  
Regional Director, Western Region

Date: See Effective Date on page 1

                  /s/                    
Craig E. Young, Vice Chairman

                  /s/                    
John M. Scott, CEO and Director

                  /s/                    
Richard L. Barclay, Director

                  /s/                    
John B. Ervin, Director

                  /s/                    
Michelle A. Harrington, Director

                  /s/                    
Andrew R. McCurdy, Director

                  /s/                    
Darrin G. Pitts, Director