

OFFICE OF  
CLERK SUPERIOR COURT TROUP COUNTY, GEORGIA

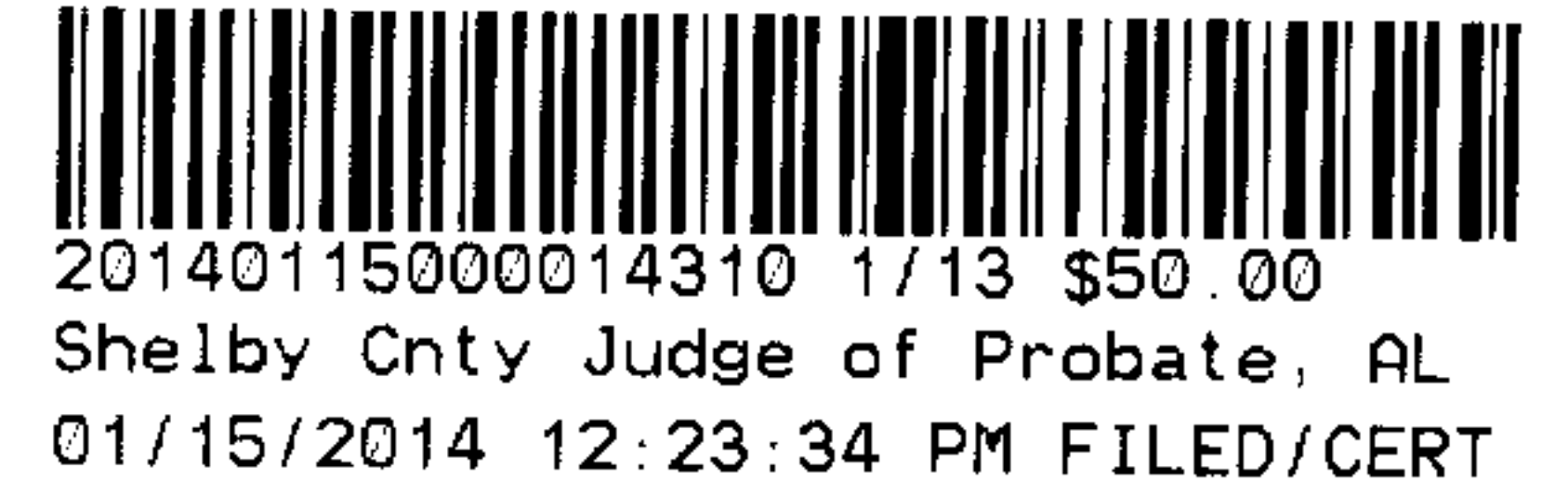
AND

STATE COURT OF TROUP COUNTY

JACKIE W TAYLOR, CLERK

P O BOX 866

LAGRANGE, GEORGIA 30241



GEORGIA, TROUP COUNTY

I CERTIFY THAT THIS IS A TRUE COPY OF THE CERTIFICATE OF POSSESSION FOR FEDERAL DEPOSIT  
INSURANCE CORP (FDIC) , DEPARTMENT OF BANKING & FINANCE TO FRONTIER BANK AS IT  
APPEARS OF RECORD IN THIS OFFICE. RECORDED IN LIEN BOOK 88 PAGE 198 WITNESSED BY  
MY HAND AND SEAL OF SAID COURT THIS THE 10TH DAY OF DECEMBER 2013.

Cara Williams

DEPUTY CLERK OF SUPERIOR COURT

TROUP COUNTY, GEORGIA

IN THE SUPERIOR COURT OF TROUP COUNTY  
STATE OF GEORGIA

TROUP COUNTY, GEORGIA  
FILED IN OFFICE  
2013 MAR 13 AM 8:42  
JACKIE W. TAYLOR  
CLERK OF SUPERIOR COURT

IN THE MATTER OF:

FRONTIER BANK

\*  
\* CIVIL ACTION FILE  
\* NO. 13-CV-0211  
\*  
\* RECEIVERSHIP

CERTIFICATE OF POSSESSION

1.

The Georgia Department of Banking and Finance, acting pursuant to the Financial Institutions Code of Georgia, particularly O.C.G.A. § 7-1-154, hereby certifies that it has taken possession, pursuant to O.C.G.A. § 7-1-150, of the business and property of a State chartered financial institution, Frontier Bank.

2.

The Board of Directors of Frontier Bank passed a resolution indicating that it would not oppose the Department of Banking and Finance or the Federal Deposit Insurance Corporation (the "FDIC") or both taking possession of the bank. A true and correct copy of said resolution is attached hereto as Exhibit "A."

3.

Pursuant to O.C.G.A. § 7-1-150, the Department of Banking and Finance took possession of the business and property of Frontier Bank on March 8, 2013, and on that date posted notice of its taking possession of the business and property of Frontier Bank on the front door of all offices of Frontier Bank open to the public for the transaction of business in person, which offices are located at: 401 Vernon Street, LaGrange, Georgia 30240; 1678 South College Street, Auburn, Alabama 36830; 16863 Highway 280,

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**Recorded 04/09/2013 01:29PM**

JACKIE TAYLOR  
Clerk Superior Court, TROUP County, Ga.  
Bk 00088 Pg 0198-0209



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Shelby Cnty Judge of Probate, AL  
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Chelsea, Alabama 35043; 120 8<sup>th</sup> Avenue SW, Childersburg, Alabama 35044; 135 James Payton Blvd., Sylacauga, Alabama 35150; 2723 Pelham Parkway, Pelham, Alabama 35124; 43 North Broadway, Sylacauga, Alabama 35150; 3216 20<sup>th</sup> Avenue, Valley, Alabama 36854; and 42828 Highway 25, Vincent, Alabama 35178. A true and correct copy of the notice of possession is attached hereto as Exhibit "B."

4.

Pursuant to O.C.G.A. § 7-1-154, this Certificate is to be filed by the Clerk of the Superior Court and is to be listed in the judgment index, or like index, in the name of Frontier Bank as Defendant and the Department of Banking and Finance as Plaintiff.

5.

At the request of the Department of Banking and Finance, the Court has appointed the Federal Deposit Insurance Corporation as receiver of the business and property of Frontier Bank by an Order which is attached hereto as Exhibit "C."


This 11<sup>th</sup> day of March 2013.

DEPARTMENT OF BANKING AND FINANCE

BY:



ROBERT M. BRASWELL  
Commissioner

  
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Shelby Cnty Judge of Probate, AL  
01/15/2014 12:23:34 PM FILED/CERT

**RESOLUTION**

**WHEREAS, the Board of Directors of Frontier Bank (hereinafter "Board"), a bank chartered under the laws of the State of Georgia with its registered office located in Troup County, Georgia has met for the purpose of considering alternatives which are in the best interest of Frontier Bank, its creditors and its shareholders; and**

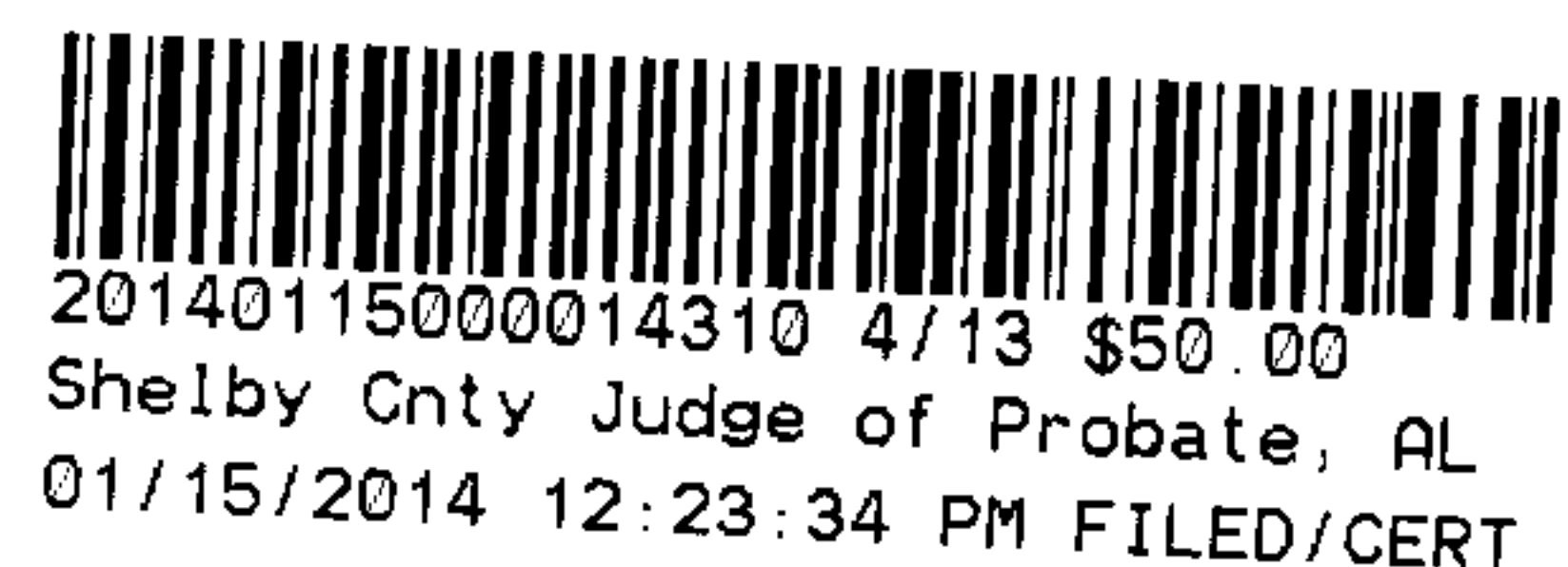
**WHEREAS, Frontier Bank stipulated to the issuance of a Consent Order by the Federal Deposit Insurance Corporation and the Georgia Department of Banking and Finance on or about February 15, 2012 (hereinafter "Consent Order"); and**

**WHEREAS, Frontier Bank has taken the actions described in the letter to Kevin Hagler of the Department of Banking and Finance dated February 21, 2013, and attached hereto, in an effort to meet certain requirements of the Consent Order, including, but not limited to, the requirements for minimum levels of capitalization; and**

**WHEREAS, the present financial condition of Frontier Bank will not permit it to meet certain requirements of the Consent Order, including, but not limited to, the requirements for minimum levels of capitalization; and**

**WHEREAS, Frontier Bank's capital position has been determined to be at a level that represents a significant safety and soundness exposure to this institution and places Frontier Bank at risk of becoming "critically undercapitalized" as defined by 12 USC § 1831o(b)(1)(E); and**

**WHEREAS, the Board, in its best business judgment, believes in good faith that it is in the best interest of the depositors, other creditors, its shareholders, and employees, as well as the citizens of Georgia, that the Board not oppose any decision of the Department**





of Banking and Finance or the Federal Deposit Insurance Corporation, or both, take possession of the business and property of Frontier Bank, pursuant to Georgia law;

NOW, BE IT THEREFORE RESOLVED BY THE BOARD OF DIRECTORS OF FRONTIER BANK, ON MOTION DULY MADE AND SECONDED, THAT:

The undersigned, constituting a quorum of the Members of the Board of Directors of Frontier Bank, in a meeting duly called and held on the date indicated below, for these purposes, do not oppose any decision the Department of Banking and Finance or the Federal Deposit Insurance Corporation, or both, pursuant to the Financial Institutions Code of Georgia, O.C.G.A. § 7-1-1 et seq., in particular O.C.G.A. §§ 7-1-150, 7-1-151, and 7-1-152, to take possession of the business and property of Frontier Bank, as provided by law, for the benefit of the depositors, its shareholders, employees, and other creditors at such date and time as deemed appropriate by the Department of Banking and Finance or the Federal Deposit Insurance Corporation, or both.

This 21<sup>st</sup> day of February 2013.

  
WILLIAM G. BOND

  
JERRY L. FIELDING

  
DON L. MACHEN

  
BARRY D. VAUGHN

  
CHRISTOPHER ZODROW





**FRONTIER  
BANK**

Post Office Box 414  
16363 U.S. Highway 280  
Chelsea, AL 35043

205.380.0065 Office  
205.380.0036 Fax

February 21, 2013

Mr. Kevin B. Hagler, CEM  
Deputy Commissioner for Supervision  
GA Department of Banking & Finance  
2990 Brandywine Road, Suite 200  
Atlanta, GA 30341-5565

Dear Mr. Hagler:

Over the last sixteen months, the Board and Management at Frontier Bank have worked diligently to identify all problem loans/assets, recognize appropriate losses and gains, reposition financial and human resources for future profitable operations, and replenish capital to acceptable levels. In addition to standard daily operations, the following activities have been high priority target areas for improvement.

**Management**

- Mr. Barry L. Rooks, CFE, reassessed bank management with a positive opinion after new management was selected.

**Budgetary Operations**

- Each income and expense category has been scrutinized for profitability.
  - Unnecessary/unsupportable expenses were eliminated
  - Staff reductions reduced payroll related expenses substantially
  - Competitive deposit repricing reduced interest expenses significantly
  - Loan pricing review enabled many rate increases
  - Renewal fees were increased
  - Late fee collection efforts were successful
  - Mortgage-backed investments enhanced investment yields
  - Non-performing asset expenses were more accurately accrued

**Loan Portfolio Management**

- Each facet of lending was reviewed for enhancement
  - Completely new lending policies were adopted



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- Incapable lenders were removed and/or replaced
- Problem loans were assigned to the new Special Assets Department
- LaserPro was installed as the new loan platform
- An experienced Credit Analyst was hired
- Buker's Tax Service software was installed for credit analysis
- The external Loan Review firm was replaced, then replaced again
- Provided additional credit training to lending staff
- Implemented a customer call program for lenders
- Hired an experienced residential mortgage lender to develop that product
- Emphasized certain loans to religious organizations
- All loan files have been scanned into new document imaging system (indexing not complete)
- Completed the first meaningful CRE stress test (REDi software)
- Aggressively reappraised loan collateral
- Marketed the Credit Card portfolio for sale (unsuccessful)
- Enhanced Compliance with LaserPro and outsourcing of audit function

#### Problem Asset Resolution

- A new Special Assets Department was established to manage problem assets
  - A 30 year veteran was hired to staff and manage new department
  - Problem borrowers were foreclosed and sued for collection
  - OREO properties were reevaluated for current accuracy
  - All OREO properties were listed for sale with qualified realtors
  - Sales activity has been monitored
  - Managers were installed for income-producing properties
  - FAS 114 worksheets have been completed quarterly

#### Capital Enhancement Activities

- Accounting for gains on DPC (foreclosures, etc.) exceeded \$5,000,000
- Approximately 20 individuals/companies were contacted in an attempt to sell BOLI policies at a premium (unsuccessful)
- Numerous consultants were utilized
  - Kline & Co. – Capital enhancement, regulatory
  - Charles Stephens – Sale of eastern branches
  - REALTA (Atlanta) – Sale of BOLI; bulk sale of NPAs
  - Mike Sapp – Capital Sources



- Chaffe & Assoc. – Bulk disposition of NPAs, private capital
- Two local investment banking firms were consulted numerous times
  - Sterne Agee & Leach, Inc. – For sale of BOLI and private capital
  - Porter, White & Co. – For sale of BOLI and private capital
- Numerous merger and branch sale discussions were held with executive decision-makers of the following financial institutions:
  - Iberia Bank
  - Pinnacle Bank
  - PNC
  - First National Bankers Bank
  - First Security Bank
  - Charter Bank
  - Union State Bank
- Asset contraction has exceeded \$50 million

As you are aware, this has been a very stressful period for everyone involved. Frontier Bank has continued to enjoy a good reputation in its markets and good morale among its employees. The management and staff have worked tirelessly to improve all systems and procedures. Management and we, the Board, have attempted to comply with all reporting requirements, and to diligently meet with the GA DBF and the FDIC on a quarterly basis to provide progress updates. We thank you for the Department's and for your personal patience, suggestions, and confidence shown to us.

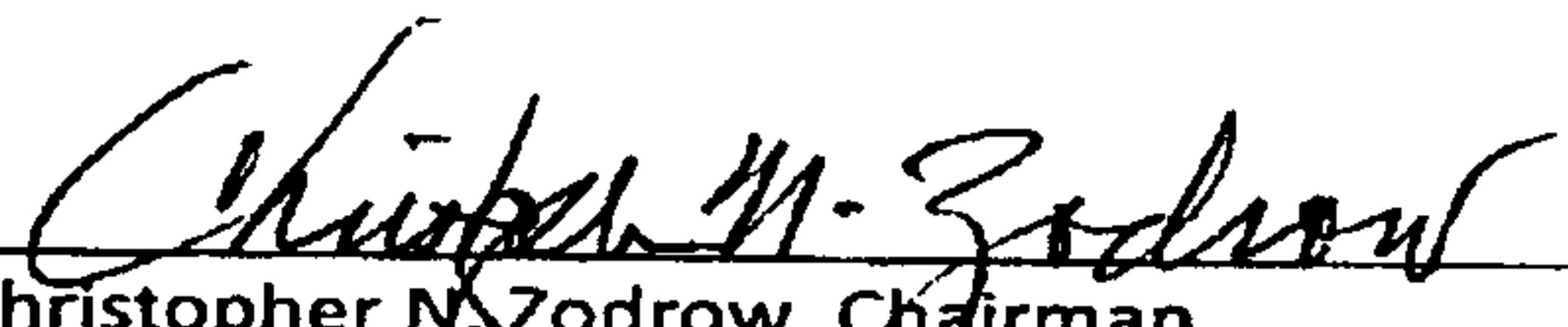
Sincerely,


THE BOARD OF DIRECTORS


FRONTIER BANK







  
Christopher N. Zodrow, Chairman

  
William G. Bond

  
Jerry L. Fielding

  
Don L. Machen

  
Barry D. Vaughn





## Department of Banking and Finance

2990 Brandywine Road, Suite 200

Atlanta, Georgia 30341-5565

770-986-1633

[www.gadbf.org](http://www.gadbf.org)

Nathan Deal  
Governor

Robert M. Braswell  
Commissioner

### NOTICE OF TAKING POSSESSION

Notice is hereby given that, pursuant to the Financial Institutions Code of Georgia, Title 7 Chapter 1 of the Official Code of Georgia Annotated, particularly Part 7 of Article I of that Chapter, the Georgia Department of Banking and Finance has this day taken possession of the business and property of Frontier Bank, a state chartered financial institution, and has caused the Federal Deposit Insurance Corporation ("FDIC") to be appointed as the receiver of said Bank.

Until further notice, payments on loans and other obligations due Frontier Bank should be forwarded to the regular mailing address of Frontier Bank. Depositors and other creditors should contact the FDIC by calling 1-866-674-8944 as to the procedures for claiming their deposits or other monies due from Frontier Bank.

This 8<sup>th</sup> day of March 2013.

ROBERT M. BRASWELL  
Commissioner  
Department of Banking and Finance

#### DIRECT INQUIRIES TO:

The Department of Banking and Finance  
2990 Brandywine Road, Suite 200  
Atlanta, Georgia 30341-5565  
Telephone: (770) 986-1633



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IN THE SUPERIOR COURT OF TROUP COUNTY  
STATE OF GEORGIA

TROUP COUNTY, GEORGIA  
CLERK OF SUPERIOR COURT

2013 MAR -8 AM 9:04  
MB

JACKIE W. FLORES  
CLERK OF SUPERIOR COURT

IN THE MATTER OF:

FRONTIER BANK

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CIVIL ACTION FILE  
NO. 13-CV-0211

RECEIVERSHIP

**CONSENT ORDER**

The Georgia Department of Banking and Finance has filed a Petition for the Appointment of the Federal Deposit Insurance Corporation as Receiver of the business and property of Frontier Bank. Frontier Bank has consented to the relief sought in the Petition of the Georgia Department of Banking and Finance.

IT IS HEREBY ORDERED that the Federal Deposit Insurance Corporation is appointed Receiver of Frontier Bank and shall have all the rights and powers as Receiver under the F.D.I. Act, including 12 U.S.C. Section 1821, and all other applicable state and federal law.

This Order is to be effective upon the Georgia Department of Banking and Finance taking possession of Frontier Bank on March 8, 2013.

ORDERED this 8<sup>TH</sup> day of March 2013.

*A. William Baldwin, Jr.*  
A. William Baldwin, Jr.  
JUDGE, SUPERIOR COURT  
COWETA JUDICIAL CIRCUIT

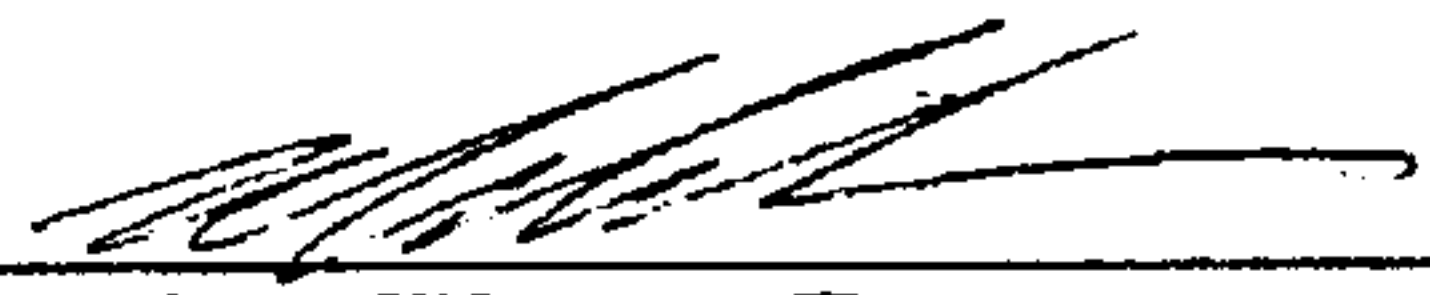
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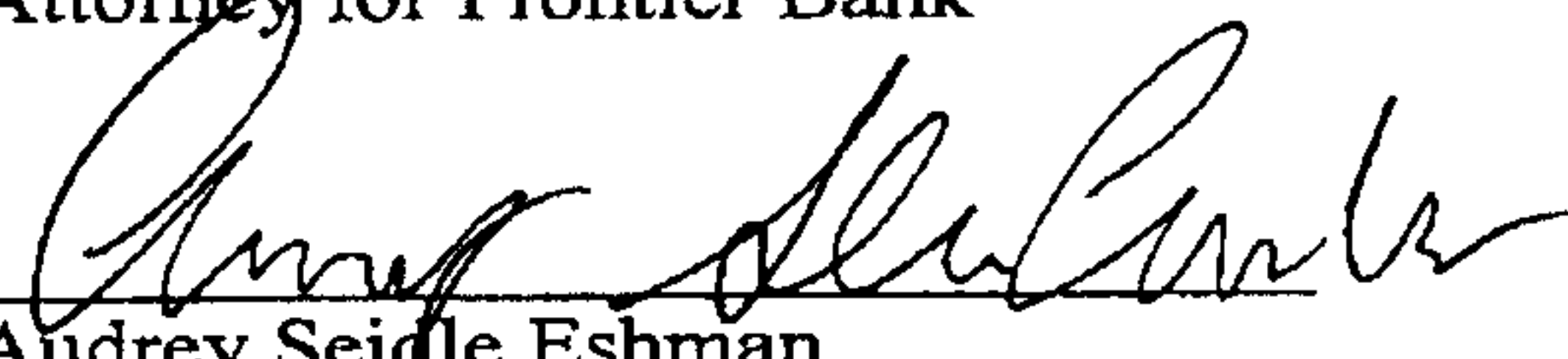


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Consented to by:

  
Michael D. Waters, Esq.  
Jones Walker  
One Federal Place, Suite 1100  
1819 5<sup>th</sup> Ave N  
Birmingham, Alabama 35203  
Telephone: (205) 244-5210  
E-mail: mwaters@joneswalker.com  
Attorney for Frontier Bank

  
Audrey Seidle Eshman  
Assistant Attorney General  
40 Capitol Square, SW  
Atlanta, Georgia 30334  
Telephone: (404) 651-9457  
E-mail: aseidle@law.ga.gov  
Ga. Bar No. 861119  
Attorney for the Georgia Department of Banking and Finance


CERTIFICATE OF SERVICE

I do hereby certify that I have this day served a copy of the foregoing  
CERTIFICATE OF POSSESSION upon:

Michael D. Waters, Esq.  
Jones Walker  
One Federal Place, Suite 1100  
1819 5<sup>th</sup> Ave N  
Birmingham, Alabama 35203

by placing the same into the United States mail with adequate, first-class postage placed thereon.

This 1<sup>st</sup> day of March 2013.

  
AUDREY S. ESHMAN  
Assistant Attorney General