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{{5-31-02 p.C-3643}}

[¶10,971A] **In the Matter of White County Bank, Cleveland, Georgia**, Docket No. 94-94kk (7-26-94).

FDIC issues order conditionally granting approval for exemption of liability.

[.1] **Exemption from Liability—Conditional on Control of Bank—Time Frame**

[.2] **Exemption from Liability—Conditional on Stipulation Regarding Sale of Stock**

[.3] **Exemption from Liability—Injection of Capital Required**

[.4] **Exemption from Liability—Expiration**

[.5] **Exemption from Liability—Revocation for Non-Compliance**

**In the Matter of
WHITE COUNTY BANK
CLEVELAND, GEORGIA
(Insured Depository Institution)
related to
UNION COUNTY BANK
BLAIRSVILLE, GEORGIA
and
CITIZENS BANK
MURPHY, NORTH CAROLINA
and
PEOPLES BANK OF FANNIN COUNTY
BLUE RIDGE, GEORGIA
and
TOWNS COUNTY BANK
HIAWASSEE, GEORGIA
(Commonly Controlled Insured Depository Institutions)
ORDER CONDITIONALLY GRANTING APPROVAL FOR EXEMPTION FROM LIABILITY**

FDIC-94-94kk

WHEREAS, White County Bancshares, Inc., Cleveland, Georgia ("WCB"), is a one bank holding company which owns 100 percent of the stock of White County Bank, Cleveland, Georgia ("WB"), an insured depository institution; and

WHEREAS, United Community Banks, Inc., Blairsville, Georgia (the "Applicant"), is the holding company for Union County Bank, Blairsville, Georgia; Citizens Bank, Murphy, North Carolina; Peoples Bank of Fannin County, Blue Ridge, Georgia; and Towns County Bank, Hiawassee, Georgia (collectively "the Banks"); and

WHEREAS, the Applicant has filed with the Federal Deposit Insurance Corporation ("FDIC") an application pursuant to section 5(e)(5)(A) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. §1815(e)(5)(A); and

WHEREAS, the Applicant intends to acquire stock in WB through the acquisition of a 9.75 percent interest earning debenture, compounded annually ("Debenture"), to be issued by WCB and exchangeable for WB stock owned by WCB, at a rate of one share for each \$40 of principal amount ("proposed transaction"), which could result in a 51 percent ownership and control of WB by the Applicant; and

WHEREAS, the Applicant's purchase of the Debenture will result in an increase in the Part 325 Tier 1 capital of WB by \$2,850,000; and

WHEREAS, WB has received permission from the Georgia Department of Banking and Finance for the Applicant to acquire stock in WB through the proposed transaction; and

WHEREAS, the Applicant received approval for the proposed transaction from the Board of Governors of the Federal Reserve System ("FRB"), dated May 9, 1994, provided that the Debenture is acquired by August 9, 1994; and

WHEREAS, the Applicant has requested that the FDIC grant an exemption to the Banks from potential liability for any losses the FDIC may incur or reasonably anticipates incurring from the default of WB (should such ever occur), such request being filed pursuant to the provisions of section 5(e)(5)(A) of the Act, 12 U.S.C. §1815(e)(5)(A); and

WHEREAS, the Board of Directors ("Board") of the FDIC, having fully considered the facts and information relating to the foregoing request for exemption from losses, has concluded that an exemption is in the best interest of the Bank Insurance Fund and that approval of the application for exemption should be, and hereby is, granted subject to the conditions and restrictions set forth below.

IT IS THEREFORE ORDERED that this ORDER CONDITIONALLY GRANTING APPROVAL FOR EXEMPTION FROM LIABILITY ("ORDER") be granted conditioned upon the following:

[.1]1. The Applicant will purchase the Debenture no later than August 9, 1994, unless a request for extension of time has been submitted and approved by both the FRB and FDIC.

[.2]2. The Debenture will be exchangeable for WB stock owned by WCB, at a rate of one share for each \$40 of the principal amount and the Debenture will accrue interest at 9.75 percent, compounded annually.

[.3]3. The Part 325 Tier 1 capital of WB will be increased by \$2,850,000 not later than 2 years from the purchase of the Debenture by the Applicant.

[.4]4. This ORDER will remain effective and enforceable until the close of business, August 9, 1997, or, should any request for extension be granted as described in paragraph 1 above, three years from the extension date.

[.5] IT IS FURTHER ORDERED, that should the FDIC determine that the Applicant has failed to complete the requirements of paragraphs 1, 2, and 3, the ORDER shall be immediately null and void without further hearing on the matter.

By direction of the Board of Directors.

Dated at Washington, D.C., this 26th day of July, 1994.