FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of COLORADO CAPITAL BANK CASTLE ROCK, COLORADO (Insured State Nonmember Bank)	)	CONSENT ORDER FDIC-10-514b

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for Colorado Capital Bank, Castle Rock, Colorado ("Bank"), under 12 U.S.C. § 1813(q).

The Bank, by and through its duly elected and acting board of directors, has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated September 9, 2010, that is accepted by the FDIC. With the Stipulation, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices or violations of laws or regulations relating to the level of capital protection, the level of problem assets, concentration of credits, earnings performance, the level of the Allowance for Loan and Lease Losses, and funds management practices, to the issuance of this CONSENT ORDER ("ORDER") by the FDIC.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) have been satisfied, the FDIC hereby orders that:

<u>CAPITAL PLAN AND MAINTENANCE</u>

1. (a) Within 60 days after the effective date of this ORDER, the Bank shall submit a written capital plan ("Capital Plan") to the Regional Director and the Commissioner to

increase its Tier 1 Capital. The Capital Plan shall require the Bank, after establishing an Allowance for Loan and Lease Losses, to achieve and maintain its Tier 1 Leverage Capital ratio equal to or greater than 10 percent; and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13 percent. The Capital Plan must include a contingency plan in the event that the Bank (i) fails to maintain the minimum capital ratios required by the Order, (ii) fails to submit an acceptable capital plan or (iii) fails to implement or adhere to a capital plan to which no written objection was provided by the Supervisory Authorities. Said contingency plan shall include a plan to sell or merge the Bank. The Bank shall implement the contingency plan upon written notice from the Supervisory authorities.

(b) After the Regional Director and the Commissioner respond to the Capital Plan, the Bank's board of directors shall adopt the Capital Plan, including any modifications or amendments requested by the Regional Director and the Commissioner. Thereafter, the Bank shall immediately initiate measures detailed in the Capital Plan, to the extent such measures have not previously been initiated, to effect compliance with the Capital Plan within 30 days after the Regional Director and the Commissioner respond to the Capital Plan.

(c) Such increase in Tier 1 Capital and any increase in Tier 1 Capital necessary to meet the capital ratios required by this ORDER may be accomplished by:

(1) The sale of securities in the form of common stock; or

(2) The direct contribution of cash subsequent to April 5, 2010, by the directors and/or shareholders of the Bank or by the Bank's holding company; or

(3) Receipt of an income tax refund or the capitalization subsequent to April 5, 2010, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

(4) Any other method approved by the Regional Director and the Commissioner.

(d) If any such capital ratios are less than required by the ORDER, as determined as of the date of any Report of Condition and Income or at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director or the Commissioner, present to the Regional Director and the Commissioner a New Capital Plan to increase the Tier 1 Capital of the Bank or to take such other measures to bring all the capital ratios to the percentages required by this ORDER. After the Regional Director and the Commissioner respond to the New Capital Plan, the Bank's board of directors shall adopt the New Capital Plan, including any modifications or amendments requested by the Regional Director and the Commissioner.

(e) Thereafter, the Bank shall immediately initiate measures detailed in the New Capital Plan, to the extent such measures have not previously been initiated, to increase its Tier 1 Capital by an amount sufficient to bring all the Bank's capital ratios to the percentages required by this ORDER within 30 days after the Regional Director and the Commissioner respond to the New Capital Plan.

(f) If all or part of the increase in Tier 1 Capital required by this ORDER is to be accomplished by the sale of new securities, the Bank's board of directors shall adopt and implement a plan for the sale of such additional securities, including soliciting proxies and the voting of any shares or proxies owned or controlled by them in favor of the plan. Should the implementation of the plan involve a public distribution of the Bank's securities (including a distribution limited only to the Bank's existing shareholders), the Bank shall prepare offering materials fully describing the securities being offered, including an accurate description of the financial condition of the Bank and the circumstances giving rise to the offering, and any other material disclosures necessary to comply with Federal and State securities laws. Prior to the implementation of the plan, and in any event, not less than 20 days prior to the dissemination of such materials, the plan and any materials used in the sale of the securities shall be submitted to the FDIC, Accounting and Securities Disclosure Section, Washington, D.C. 20429, for review. Any changes requested to be made in the plan or the materials by the FDIC shall be made prior to their dissemination. If the increase in Tier 1 Capital is to be provided by the sale of non-cumulative perpetual preferred stock, then all terms and conditions of the issue shall be presented to the Regional Director and the Commissioner for prior approval.

(g) In complying with the provisions of this ORDER and until such time as any such public offering is terminated, the Bank shall provide to any subscriber and/or purchaser of the Bank's securities written notice of any planned or existing development or other change which is materially different from the information reflected in any offering materials used in connection with the sale of the Bank securities. The written notice required by this paragraph shall be furnished within 10 days after the date such material development or change was planned or occurred, whichever is earlier, and shall be furnished to every purchaser and/or subscriber who received or was tendered the information contained in the Bank's original offering materials.

(h) In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

(i) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

DIVIDEND RESTRICTION

2. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

GROWTH PLAN

3. While this ORDER is in effect, the Bank shall not increase its Total Assets by more than 5 percent during any consecutive 12-month period commencing June 30, 2010, without providing, at least 30 days prior to its implementation, a growth plan ("Growth Plan") to the Regional Director and the Commissioner. Such Growth Plan, at a minimum, shall include the funding source to support the projected growth, as well as the anticipated use of funds. This Growth Plan shall not be implemented without the prior written consent of the Regional Director and the Commissioner.

STRATEGIC PLAN

4. (a) Within 60 days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive strategic plan ("Strategic Plan"). The Strategic Plan required by this paragraph shall contain an assessment of the Bank's current financial condition and

market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written Strategic Plan shall address, at a minimum:

(1) Strategies for pricing policies and asset/liability management;

(2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(3) Goals for reducing problem loans;

(4) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(5) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(6) Formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the Strategic Plan to the Regional Director and the Commissioner for review and comment. After considering all such comments, the Bank shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement and follow the Strategic Plan.

(d) Within 30 days after the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the Strategic Plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's board of directors' meeting at which such evaluation is undertaken.

(e) The Strategic Plan required by this ORDER shall be revised and submitted to the Regional Director and the Commissioner for review and comment 30 days after the end of each calendar year for which this ORDER is in effect. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after consideration of all such comments, the Bank shall approve the revised Strategic Plan, which approval shall be recorded in the minutes of the Bank's board of directors' meeting. Thereafter, the Bank shall implement the revised Strategic Plan.

ALLOWANCE FOR LOAN AND LEASE LOSSES AND AMENDED CALL REPORTS

5. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, make provisions to its Allowance for Loan and Lease Losses ("ALLL") in an amount of at least $16 million. The allowance should be funded by charges to current operating income, and should be calculated in accordance with generally accepted accounting standards and ALLL supervisory guidance. After the initial provision is made, the Bank shall thereafter maintain a reasonable ALLL. Prior to the end of each calendar quarter, the Bank's board of directors shall review the adequacy of the Bank's ALLL. Such reviews shall include, at a minimum, the Bank's loan loss experience, an estimate of potential loss exposure in the portfolio, trends of delinquent and non-accrual loans, concentrations of credit in commercial real estate, and prevailing and prospective economic conditions. The minutes of the Bank's board of directors' meetings at which such reviews are undertaken shall include complete details of the reviews and the resulting recommended increases in the ALLL.

(b) Within 30 days after the effective date of this ORDER, the Bank shall review Consolidated Reports of Condition and Income filed with the FDIC on or after December

31, 2009, and amend said reports if necessary to reflect the financial condition of the Bank without material misstatement as of the date of each such report. In particular, such reports shall contain a reasonable ALLL. Reports filed after the effective date of this ORDER shall also reflect the financial condition of the Bank without material misstatement as of the reporting date. This subparagraph 5(b) will not apply to the deposit relationships currently under review by the FDIC until 20 days after a final determination has been made.

(c) Within 30 days after the effective date of this ORDER, the Bank must use Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Numbers 450 and 310 (formerly Statements Numbers 5 and 114 respectively) for determining the Bank's allowance for loan and lease losses reserve adequacy. Provisions for loan losses must be based on the inherent risk in the Bank's loan portfolio. The directorate must document with written reasons any decision not to require provisions for loan losses in the board minutes.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

6. (a) Within 30 days after the effective date of this ORDER, the Bank shall, to the extent that it has not previously done so, eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss by the FDIC or the State as a result of its examination of the Bank as of April 5, 2010. Elimination or reduction of these assets through proceeds of loans made by the Bank to the same borrower or related party of the same borrower shall not be considered "collection" for the purpose of this paragraph.

(b) Within 60 days after the effective date of this ORDER, the Bank shall submit a written plan ("Classified Asset Reduction Plan") to the Regional Director and the Commissioner to reduce the remaining assets classified Doubtful and Substandard as of April 5,

2010. The Classified Asset Reduction Plan shall address each asset so classified with a balance of $100,000 or greater and provide the following:

(1) The name under which the asset is carried on the books of the Bank;

(2) Type of asset;

(3) Origination date;

(4) Specific original use of funds;

(5) Renewal date(s);

(6) Actions to be taken in order to reduce the classified asset;

(7) Time frames for accomplishing the proposed actions;

(8) Specific reason for renewal and use of funds at each renewal date(s);

(9) A review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and

(10) An evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

In addition, the Bank's Classified Asset Reduction Plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the Classified Asset Reduction Plan shall contain a provision requiring the submission of monthly progress reports to the Bank's board of directors and a provision mandating a review by the Bank's board of directors.

(c) The Bank shall present the Classified Asset Reduction Plan to the Regional Director and the Commissioner for review. Within 30 days after the Regional Director's and the Commissioner's response, the Classified Asset Reduction Plan, including any requested modifications or amendments shall be adopted by the Bank's board of directors which approval shall be recorded in the minutes of the meeting of the Bank's board of directors. The Bank shall then immediately initiate measures detailed in the Classified Asset Reduction Plan to the extent such measures have not been initiated.

(d) For purposes of the Classified Asset Reduction Plan, the reduction of adversely classified assets as of April 5, 2010, shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the Bank's Allowance for Loan and Lease Losses and may be accomplished by:

(1) Charge-off;

(2) Collection;

(3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC or the State; or

(4) Increase in the Bank's Tier 1 Capital.

(e) While this ORDER is in effect, the Bank shall eliminate from its books, by charge-off or collection, all assets or portions of assets classified Loss as determined at any future examination conducted by the FDIC or the State.

(f) Within 60 days of the effective date of this ORDER, the Bank shall submit to the Regional Director and the Commissioner a report, which lists every loan outstanding on its books as of the date of the report where the Bank has advanced any interest, including loans which contemplated the advancement of interest at origination. This report should include the loan number, loan name, date of origination and renewal date(s), if any, original principal amount, current principal amount and the total amount of interest advanced since the origination date. "Origination date" shall be defined as the first date that the Bank advanced any funds to the borrower or related interest for the same purpose.

(g) Within 30 days after the end of each calendar quarter thereafter, the Bank shall provide a report, which lists all loans where any interest was advanced to the borrower or related interest for the same purpose. This quarterly report shall included the loan number, loan name, date of origination and renewal date(s), if any, original principal amount, current principal amount and the total amount of interest advanced since the origination date. "Origination date" shall be defined as the first date that the Bank advanced any funds to the borrower or related interest for the same purpose.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

7. (a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to or for the benefit of any borrower whose existing credit has been classified Loss by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, or to any borrower who is already obligated in any manner to the Bank on any extension of credit, including any portion thereof, that has been charged off the books of the Bank and remains uncollected. This prohibition shall not apply to loans where the principal balance has been reduced to reflect the fair value of such loan in accordance with applicable provisions of GAAP. The requirements of this paragraph shall not prohibit the Bank from renewing credit already extended to a borrower after full collection, in

cash, of interest due from the borrower.

(b) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any new credit to or for the benefit of any borrower whose extension of credit is classified Doubtful and/or Substandard by the FDIC or the State as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's board of directors has signed a detailed written statement giving reasons why failure to extend such credit would be detrimental to the best interests of the Bank. The statement shall be placed in the appropriate loan file and included in the minutes of the applicable Bank's board of directors' meeting.

REDUCTION OF DELINQUENCIES

8. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan for the reduction and collection of delinquent loans ("Delinquency Reduction Plan"). Such Delinquency Reduction Plan shall include, but not be limited to, provisions which:

(1) Prohibit the extension of credit for the payment of interest;

(2) Delineate areas of responsibility for implementing and monitoring the Bank's collection policies;

(3) Establish specific collection procedures to be instituted at various stages of a borrower's delinquency;

(4) Establish dollar levels to which the Bank shall reduce delinquencies within 90 days; and

(5) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the Bank's board of directors.

(b) For purposes of the Delinquency Reduction Plan, "reduce" means to:

(1) Charge-off;

(2) Collect; or

(3) Removal from delinquency status pursuant to applicable interagency guidelines.

(c) After the Regional Director and the Commissioner have responded to the Delinquency Reduction Plan, the Bank's board of directors shall adopt the Delinquency Reduction Plan as amended or modified by the Regional Director and the Commissioner. The Delinquency Reduction Plan will be implemented immediately to the extent that the provisions of the Delinquency Reduction Plan are not already in effect at the Bank.

SPECIAL MENTION AND TECHNICAL EXCEPTIONS

9. (a) Within 60 days after the effective date of this ORDER, the Bank shall correct all deficiencies within the control of the Bank with regard to the loans listed for Special Mention in the Report of Examination as of April 5, 2010.

(b) Within 60 days after the effective date of this ORDER, the Bank shall correct the technical exceptions listed in the Report of Examination as of April 5, 2010.

(c) Within 60 days after the effective date of this ORDER, the Bank shall implement a system of monitoring loan documentation exceptions on an ongoing basis and implement procedures designed to reduce the occurrence of such exceptions in the future.

CONCENTRATIONS – PLAN FOR REDUCTION

10. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan ("Concentration Reduction Plan") to reduce each of the loan concentrations of credit identified in the Report of Examination as of April 5, 2010. Such Concentration Reduction Plan shall prohibit any additional advances that would increase the concentrations or create new concentrations and shall include, but not be limited to:

(1) Dollar levels to which the Bank shall reduce each concentration; and

(2) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in minutes of the meetings of the Bank's board of directors.

(b) For purposes of the Concentration Reduction Plan, a reduction in concentrations can be accomplished through:

(1) Charge-off;

(2) Collection; or

(3) Increase to Tier 1 Capital.

(c) After the Regional Director and the Commissioner have responded to the Concentration Reduction Plan, the Bank's board of directors shall adopt the Concentration Reduction Plan as amended or modified by the Regional Director and the Commissioner. The Concentration Reduction Plan shall be implemented immediately to the extent that the provisions of the Concentration Reduction Plan are not already in effect at the Bank.

LOAN COMMITTEE AND LOAN REVIEW REQUIREMENTS

11. (a) Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a loan review committee to periodically review the Bank's loan portfolio and identify and categorize problem credits. The committee shall file a report with the Bank's board of directors at each board meeting. This report shall include the following information:

(1) The overall quality of the loan portfolio;

(2) The identification, by type and amount, of each problem or delinquent loan;

(3) The identification of all loans not in conformance with the Bank's lending policy; and

(4) The identification of all loans to officers, directors, principal shareholders or their related interests.

(b) At least 50 percent of the members of the loan review committee shall be Independent Directors. For purposes of this ORDER, a person who is an Independent Director shall be any individual:

(1) Who is not an officer of the Bank, any subsidiary of the Bank, or any affiliated organizations;

(2) Who does not own more than 5 percent of the outstanding shares of the Bank;

(3) Who is not related by blood or marriage to an officer or director of the Bank or to any shareholder owning more than 5 percent of the

Bank’s outstanding shares, and who does not otherwise share a common financial interest with such officer, director or shareholder; and

(4) Who is not indebted to the Bank directly or indirectly by blood, marriage or common financial interest, including the indebtedness of any entity in which the individual has a substantial financial interest in an amount exceeding 5 percent of the Bank’s total Tier 1 Capital and Allowance for Loan and Lease Losses; or

(5) Who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner.

LOAN POLICY

12. (a) Within 60 days after the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall review the Bank’s loan policy (“Loan Policy”) and procedures for effectiveness and, based upon this review, shall make all necessary revisions to the policy in order to strengthen the Bank’s lending procedures and abate additional loan deterioration. The Loan Policy revisions should include, but not be limited to, provisions which:

(1) Address the Bank’s specialized lending practices;

(2) Provide asset concentration limits;

(3) Address the appropriate and inappropriate uses of interest reserves and restrict the funding of interest payments;

(4) Tighten loan renewal guidelines and enumerate acceptable principal reduction practices;

(5) Establish an ALLL methodology that complies with generally accepted accounting standards and ALLL supervisory guidance;

(6) Establish loan policy control procedures and implement stress-testing requirements where necessary; and

(7) Establish guidelines for Troubled Debt Restructuring transactions.

The revised written Loan Policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) The Bank shall submit the foregoing policies to the Regional Director and the Commissioner for comment. After the Regional Director and the Commissioner have responded to the Loan Policy, the Bank's board of directors shall adopt the Loan Policy as amended or modified by the Regional Director and the Commissioner. The Loan Policy will be implemented immediately to the extent that they are not already in effect at the Bank.

ESTABLISH AN ASSET REPOSITIONING PROGRAM LOAN POLICY

13. (a) Within 45 days after the effective date of this ORDER, the board of directors of the Bank shall establish loan policy and procedures specifically relating to the Bank's asset repositioning program ("ARP Policy") that complies with the reporting requirements for troubled debt restructurings and generally accepted accounting principles. The ARP Policy should include, but not be limited to, the following provisions:

(1) Underwriting standards for new ARP borrowers which incorporate the requirement to obtain current financial information prior to take-over of the troubled asset and an on-going requirement to obtain financial information on the new ARP borrowers for the life

of the ARP loan;

(2) A requirement that a qualified third-party performs a fair-value analysis on all ARP credits and provides a written accounting opinion on each ARP asset to ensure regulatory compliance; and

(3) A requirement that credit risk factors are periodically evaluated and updated on all ARP transactions.

The written ARP Policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) After the Regional Director and the Commissioner have responded to the ARP Policy, the Bank's board of directors shall adopt the ARP Policy as amended or modified by the Regional Director and the Commissioner. The ARP Policy will be implemented immediately to the extent that they are not already in effect at the Bank.

MANAGEMENT – BOARD SUPERVISION

14. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all the Bank's activities. The board's participation in the Bank's affairs shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the board: reports of income and expenses; new, overdue, renewed, insider, charged-off, delinquent, nonaccrual, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's board of directors' minutes shall document the board's reviews and approvals, including the names of any dissenting directors.

MANAGEMENT

15. (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management personnel shall be evaluated on their ability to:

(1) Comply with the requirements of the ORDER;

(2) Operate the Bank in a safe and sound manner;

(3) Comply with applicable laws and regulations; and

(4) Restore all aspects of the Bank to a safe and sound condition, including improve the Bank's asset quality, capital adequacy, earnings, management effectiveness, liquidity, and its sensitivity to market risk.

MANAGEMENT – SPECIFIC POSITIONS

16. (a) Within 90 days after the effective date of this ORDER, the Bank shall employ the following:

(1) A new chief executive officer with a demonstrated ability in managing a bank of comparable size and shall have prior experience in upgrading a low quality loan portfolio;

(2) A chief lending officer with an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio; and

(3) Such persons shall be provided the necessary written authority to implement the provisions of this ORDER.

(b) While this ORDER is in effect, the Bank shall notify the Regional Director and the Commissioner in writing of any changes in any of the Bank's directors or Senior Executive Officers. For purposes of this ORDER, "Senior Executive Officer" is defined as in Section 303.101(b) of the FDIC's Rules and Regulations, 12 C.F.R. § 303.101(b). Prior to the addition of any individual to the board of directors or the employment of any individual as a Senior Executive Officer, the Bank shall comply with the requirements of Section 32 of the Act, 12 U.S.C. § 1831i, and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 303.100 - 303.103.

MANAGEMENT CLAUSE – STAFFING STUDY

17. (a) Within 90 days after the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Regional Director and the Commissioner. The consultant shall develop a written analysis and assessment of the Bank's management and staffing needs ("Management Plan") for the purpose of providing qualified management for the Bank.

(b) The Bank shall provide the Regional Director and the Commissioner with a copy of the proposed engagement letter or contract with the consultant for review before it is executed. The contract or engagement letter, at a minimum, should include:

(1) A description of the work to be performed under the contract or engagement letter;

(2) The responsibilities of the consultant;

(3) An identification of the professional standards covering the work to be performed;

(4) Identification of the specific procedures to be used when carrying out the work to be performed;

(5) The qualifications of the employee(s) who are to perform the work;

(6) The time frame for completion of the work;

(7) Any restrictions on the use of the reported findings; and

(8) A provision for unrestricted examiner access to work papers.

(c) The Management Plan shall be developed within 120 days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

(1) Identification of both the type and number of officer positions needed to properly manage and supervise the affairs of the Bank;

(2) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;

(3) Evaluation of all Bank officers to determine whether these individuals possess the ability, experience and other qualifications required to perform present and anticipated duties, including adherence to the Bank's established policies and practices, and restoration and maintenance of the Bank in a safe and sound condition; and

(4) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill

those officer or staff member positions identified in the Management Plan.

(d) The Management Plan shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion. Within 30 days from the receipt of any comments from the Regional Director and the Commissioner, and after the adoption of any recommended changes, the Bank shall approve the Management Plan, and record its approval in the minutes of the board of directors' meeting. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

BUDGET AND PROFIT PLAN

18. (a) Within 90 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written profit plan ("Profit Plan") and a realistic, comprehensive budget for all categories of income and expense for calendar year 2010. After the Regional Director and the Commissioner have reviewed and commented on the Profit Plan and budget, the board of directors shall adopt the Profit Plan and budget taking into consideration the comments made by the Regional Director and the Commissioner. The Profit Plan required by this paragraph shall contain formal goals and strategies, be consistent with sound banking practices, reduce discretionary expenses, improve the Bank's overall earnings and net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written Profit Plan shall address, at a minimum:

(1) An analysis of the Bank's pricing structure; and

(2) A recommendation for reducing the Bank's cost of funds.

(c) Within 30 days after the end of each calendar quarter following completion of the profit plan and budget required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the written Profit Plan and budget, record the results of the evaluation, and note any actions taken by the Bank in the minutes of the board of directors' meeting when such evaluation is undertaken.

(d) A written Profit Plan and budget shall be prepared for each calendar year for which this ORDER is in effect and shall be submitted to the Regional Director and the Commissioner for review and comment within 30 days after the end of each year. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner and after adoption of any recommended changes, the Bank shall approve the written Profit Plan and budget, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the Profit Plan.

ASSET/LIABILITY COMMITTEE

19. Within 30 days after the effective date of this ORDER, the Bank shall appoint members to an Asset/Liability Committee ("ALCO"). The ALCO shall take an active role in monitoring the Bank's liquidity and report monthly to the Bank's board of directors concerning the Bank's liquidity.

INTEREST RATE RISK

20. (a) Within 60 days after the effective date of the ORDER, the Bank shall develop, adopt, and implement an interest rate risk policy ("IRR Policy") and procedures. The IRR Policy shall include, but not be limited to, the following provisions:

(1) Reporting parameters that are consistent with Asset/Liability management reports; and

(2) A requirement that an independent review be conducted that is consistent with the Joint Agency Policy Statement on Interest Rate Risk.

The written IRR Policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) After the Regional Director and the Commissioner have responded to the IRR Policy, the Bank's board of directors shall adopt the IRR Policy as amended or modified by the Regional Director and the Commissioner. The IRR Policy will be implemented immediately to the extent that they are not already in effect at the Bank.

INVESTMENT POLICY

21. (a) Within 60 days after the effective date of the ORDER, the Bank shall revise the investment policy ("Investment Policy") and procedures. The Investment Policy shall include, but not be limited to, the following provisions:

(1) Specific parameters for investments in structured notes, general obligation municipal bonds, non-rated municipal bonds and

revenue bonds;

(2) Require a pre-purchase analysis and a periodic analysis of all investments; and

(3) Documentation requirements for all investments made outside of established policy parameters.

The written Investment Policy shall be submitted to the Regional Director and the Commissioner for review and comment upon its completion.

(b) After the Regional Director and the Commissioner have responded to the Investment Policy, the Bank's board of directors shall adopt the Investment Policy as amended or modified by the Regional Director and the Commissioner. The Investment Policy will be implemented immediately to the extent that they are not already in effect at the Bank.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

22. (a) Within 60 days after the effective date of this ORDER, the Bank shall develop and submit to the Regional Director and the Commissioner for review and comment a written plan addressing liquidity ("Liquidity Plan"), the Bank's relationship of volatile liabilities to temporary investments, rate sensitivity objectives, and asset/liability management. Annually thereafter, while this ORDER is in effect, the Bank shall review the Liquidity Plan for adequacy and, based upon such review, shall make necessary revisions to the Liquidity Plan to strengthen funds management procedures and to maintain adequate provisions to meet the Bank's liquidity needs. The initial Liquidity Plan shall include, at a minimum, provisions:

(1) Limiting the Bank's ratio of total loans to total assets to not more than 70 percent excluding mortgage loans held for sale for 30 days or less;

(2) Establishing a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;

(3) Identifying the source and use of borrowed and/or volatile funds;

(4) Establishing lines of credit at correspondent banks, including the Federal Reserve Bank that would allow the Bank to borrow funds to meet depositor demands if the Bank's other provisions for liquidity proved to be inadequate;

(5) Requiring the retention of securities and/or other identified categories of investments that can be liquidated within one day in amounts sufficient (as a percentage of the Bank's total assets) to ensure the maintenance of the Bank's liquidity posture at a level consistent with short- and long-term liquidity objectives;

(6) Establishing a minimum liquidity ratio and defining how the ratio is to be calculated;

(7) Establishing contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(8) Addressing the use of borrowings (i.e., seasonal credit needs, match funding mortgage loans, etc.) and providing for reasonable maturities commensurate with the use of the borrowed funds; addressing concentration of funding sources; and addressing

pricing and collateral requirements with specific allowable funding channels (i.e., brokered deposits, internet deposits, Fed funds purchased and other correspondent borrowings); and

(9) Establishing procedures for managing the Bank's sensitivity to interest rate risk which comply with the Joint Agency Statement of Policy on Interest Rate Risk (June 26, 1996), and the Supervisory Policy Statement on Investment Securities and End-user Derivative Activities (April 23, 1998).

(b) Within 30 days after the receipt of all such comments from the Regional Director and the Commissioner, and after revising the Liquidity Plan as necessary, the Bank shall adopt the Liquidity Plan, which adoption shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement the Liquidity Plan.

CORRECTION OF VIOLATIONS

23. (a) Within 60 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of law and regulation noted in the Report of Examination.

(b) Within 60 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

(c) Within 60 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

INTERNAL AUDIT CONTROL PROGRAM

24. (a) Within 30 days after the effective date of this ORDER, the Bank's board

of directors shall revise its internal audit control program to address the internal audit control deficiencies including, but not limited to, the following:

(1) Provide for an annual review and update of the Bank's Audit Policy;

(2) Annually review appropriate documentation and determine the independence of the Audit Committee members; and

(3) Ensure compliance with the Internal Control and Information System guidelines set forth in Part 364, Standards for Safety and Soundness, Appendix A, Interagency Guidelines for Establishing Standards for Safety and Soundness.

INFORMATION TECHNOLOGY

25. (a) Within 60 days after the effective date of this ORDER, the Bank shall develop and implement a written plan for the continued administration of the Bank's IT risk management practices and controls designed to, among other things, ensure and maintain proper oversight of the IT area of the Bank ("IT Corrective Plan") by the Bank's board of directors and executive management. The Bank shall submit the IT Corrective Plan to the Regional Director and the Commissioner for review and comment. Upon receipt of comments from the Regional Director and the Commissioner, if any, the Bank's board of directors shall review and approve the IT Corrective Plan, which review and approval shall be recorded in the minutes. Thereafter, the Bank shall implement the IT Corrective Plan.

(b) At a minimum, the IT Corrective Plan shall:

(1) Establish a formal IT audit program that provides comprehensive

and ongoing audit coverage, the scope of which shall be based on a comprehensive risk assessment. The audit program shall include the areas recommended in the Audit Booklet of the Federal Financial Institutions Examination Council's Information Technology Examination Handbook dated August 2003. The audit program shall be implemented by individuals or third parties possessing sufficient experience and expertise in conducting such audits. All audit reports shall be submitted to the Bank's board of directors or Audit Committee for review, which shall be noted in the minutes of the meeting of the Bank's board;

(2) Establish a tracking system for audit and examination exceptions that includes the source of the exception, corrective action promised, the person responsible for the corrective action, the date by which the corrective action is due, and reporting at each Audit Committee meeting of all outstanding exceptions and exceptions cleared since the previous meeting; and

(3) Institute procedures to ensure meeting the standards contained in Part 364, Appendix B, of the FDIC's Rules and Regulations, 12 C.F.R. Part 364, App. B, including the performance of a comprehensive information security assessment, development of a corporate information security policy, formal training for employees and management, annual audits for adherence to the

standards, and regular review of the status of the IT audit program by the Bank's board of directors.

(4) Institute procedures to ensure meeting the requirements of the Fair and Accurate Transaction Act, including documenting discussions about the institution's monitoring efforts of red flags in the Board minutes, auditing the program for effectiveness, and periodic testing of the program.

(5) Expand the wire transfer agreement with bank customers to fully address the rights, duties and responsibilities of both parties. Federal Financial Institution Examination Council Handbooks on Outsourcing Technology Services dated June 2004, and Wholesale Payment Systems dated July 2004 will be used as guides in developing this agreement. The agreement will be reviewed by bank legal counsel before being implemented.

COMPLIANCE WITH THE STATEMENT OF PRINCIPLES OF TRUST DEPARTMENT MANAGEMENT

26. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall adopt and comply with the Statement of Principles of Trust Department Management.

COMPLIANCE COMMITTEE – NON-EMPLOYEE DIRECTORS REQUIRED

27. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a committee of the board of directors of the Bank charged with the

responsibility of ensuring that the Bank complies with the provisions of this ORDER. At least 50 percent of the members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The committee shall report monthly to the full board of directors of the Bank, and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's board of directors' meetings. The establishment of this subcommittee shall not diminish the responsibility or liability of the entire board of directors of the Bank to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

28. Within 45 days after the end of each calendar quarter following the effective date of this ORDER, the Bank shall furnish to the Regional Director and the Commissioner written progress reports signed by each member of the Bank's board of directors, detailing the actions taken to secure compliance with the ORDER and the results thereof. Such reports may be discontinued when the corrections required by this ORDER have been accomplished and the Regional Director and the Commissioner have released, in writing, the Bank from making further reports.

SHAREHOLDER NOTIFICATION

29. After the effective date of this ORDER, the Bank shall send a copy of this ORDER, or otherwise furnish a description of this ORDER, to its shareholders (1) in conjunction with the Bank's next shareholder communication, and also (2) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying communication, statement, or notice shall be sent to the FDIC Accounting and Securities

Disclosure Section, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC or any other federal or state agency or department from taking any other action against the Bank or any of the Bank's current or former institution-affiliated parties.

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the FDIC and the State.

Issued pursuant to delegated authority this 9th day of September, 2010.

/s/__________________________________
Kristie K. Elmquist
Acting Regional Director
Dallas Region
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation