

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

TEXAS DEPARTMENT OF BANKING
AUSTIN, TEXAS

_____)	
In the Matter of)	CONSENT ORDER
)	
D'HANIS STATE BANK)	
D'HANIS, TEXAS)	FDIC-10-662b
)	
(Insured State Nonmember Bank))	COMMISSIONER ORDER No. 2010-060
_____)	

The Federal Deposit Insurance Corporation (“FDIC”) is the appropriate Federal banking agency for D’HANIS STATE BANK, D’HANIS, TEXAS (“Bank”) under 12 U.S.C. § 1813(q).

The Texas Department of Banking (“Department”) is the appropriate state banking agency for the Bank under Texas Finance Code, Title 3, Subtitle A §§ 31.001 et. seq.

The Bank, by and through its duly elected and acting board of directors (“Board”), has executed a “STIPULATION TO THE ISSUANCE OF A CONSENT ORDER” (“STIPULATION”), dated October 28, 2010, that is accepted by the Banking Commissioner of Texas (“Commissioner”) and the FDIC.

With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to weaknesses in asset quality and liquidity, deterioration in capital protection and earnings, deficiencies in management and oversight by the Board, and violations of laws or regulations to the issuance of this CONSENT ORDER (“ORDER”) by the Acting Regional Director of the FDIC’s Dallas Regional Office (“Regional Director”) and the Commissioner.

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Texas Finance Code § 35.002 have been satisfied or waived, the FDIC and the Commissioner hereby order that:

CAPITAL PLAN

1. (a) Within 60 days of the date of this ORDER, the Bank shall develop and submit a written Capital Plan (“Capital Plan”) that incorporates a capital assessment to the Commissioner and Regional Director. The Capital Plan shall establish an increased minimum percentage for Tier 1 Leverage Capital Ratio and the Total Risk-Based Capital Ratio, as defined in Part 325 of the FDIC Rules and Regulations. Under this Capital Plan, after establishing an Allowance for Loan and Lease Losses (“ALLL”), the Bank shall maintain its Tier 1 Leverage Capital ratio equal to or greater than 9 percent of the Bank’s Average Total Assets and shall maintain its Tier 1 Risk-Based Capital ratio equal to or greater than 11 percent of the Bank’s Total Risk Weighted Assets and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13 percent of the Bank’s Total Risk Weighted Assets.

(b) 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 June 7, 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 June 7, 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.

(c) 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 Department, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Commissioner and the Regional Director, present to the Commissioner and the Regional Director a new Capital Plan to increase the Bank's Tier 1 Capital or to take such other measures to bring all the capital ratios to the percentages required by this ORDER. After the Commissioner and the Regional Director respond to the new capital plan, the Bank's Board shall adopt the new Capital Plan, including any modifications or amendments requested by the Commissioner and the Regional Director.

(d) Thereafter, the Bank shall immediately initiate measures detailed in the 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 60 days after the Commissioner and the Regional Director respond to the Capital Plan.

(e) The Capital Plan must include a capital 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 Commissioner and the Regional Director. The capital

contingency plan shall include a plan to sell or merge the Bank. The Bank shall implement the capital contingency plan upon written notice from the Commissioner and the Regional Director.

(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 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 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 Commissioner and the Regional Director 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.

(j) Such Capital Plan shall detail the steps that the Bank shall take to achieve and maintain the capital requirements set forth in paragraph 1 (a) above. In developing the Capital Plan, the Bank must take into consideration:

- (1) The volume of the Bank's adversely classified assets;
- (2) The nature and level of the Bank's asset concentrations;
- (3) The adequacy of the Bank's ALLL;
- (4) The anticipated level of retained earnings;
- (5) Anticipated and contingent liquidity needs; and
- (6) The source and timing of additional funds to fulfill future capital needs.

DIVIDEND RESTRICTIONS

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

CLASSIFIED/SPECIAL MENTION ASSETS – CHARGE-OFF AND PLAN FOR REDUCTION

3. (a) Within 15 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 Department as a result of its examination of the Bank as of June 7, 2010. Elimination or reduction of these assets through proceeds of loans made by the Bank 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 develop and submit to the Commissioner and Regional Director for approval a written Plan of Correction to reduce the ratio of adversely classified assets to Tier 1 Capital and the ALLL (“Plan of Correction”). The Plan of Correction shall target specific dollar volumes of classified assets that will be reduced each quarter and quantify the targeted reduction into a Reduction Schedule. Also, the rationale used in formulating the reduction schedule shall be included in the Plan of Correction. The Plan of Correction shall include an action plan for each adversely classified asset with a balance in excess of \$200,000. The Plan of Correction shall be updated at least monthly and a copy shall be provided to the Board, or a committee designated by the Board. The action plan for each adversely classified asset, at a minimum, shall include the following:

- (1) The name under which the asset is carried on the books of the Bank;
- (2) Type of asset;
- (3) Actions to be taken in order to reduce the classified asset; and
- (4) Time frames for accomplishing the proposed actions.

The Plan of Correction shall also contain provisions which require, at a minimum:

- (1) Review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and
- (2) Evaluation of the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

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

(d) For purposes of the Plan of Correction, the reduction of adversely classified assets shall include adversely classified assets as of June 7, 2010, as well as any newly identified items. The Plan of Correction shall be detailed using quarterly targets expressed as a percentage of the Bank's Tier 1 Capital plus the ALLL 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 Department or the FDIC; 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 Department or the FDIC.

(f) Within 60 days after the effective date of this ORDER, the Bank shall develop a written plan for correcting the underwriting and other deficiencies identified in each asset listed as Special Mention by the Department as a result of its examination of the Bank as of June 7, 2010.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

4. (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 Department 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. 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 additional credit to or for the benefit of any borrower whose credit is classified Doubtful and/or Substandard by the Department as the result of its examination of the Bank, either in whole or in part, and is uncollected, unless the Bank's Board 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 Board meeting.

LOAN UNDERWRITING AND TECHNICAL EXCEPTIONS

5. (a) Within 90 days after the effective date of this ORDER, the Bank shall take action to correct the loan underwriting and credit administration weaknesses and deficiencies identified in the Asset Quality section of the Department's June 7, 2010 Report of Examination. Specifically, the Bank shall correct deficiencies identified relating to the quality and content of the loan approval memoranda; review and analysis of global financial and cash flow information; real estate appraisal review process; documentation in the loan worksheets; process for ensuring loan terms approved by the Loan Committee coincide with the terms of the final executed note; and process for reporting loan-to-value limit exceptions to the Board.

(b) Within 90 days after the effective date of this ORDER, the Bank shall correct, or document the Bank's efforts to correct, the loan documentation exceptions listed in the Department's Report of Examination as of June 7, 2010.

LOAN POLICY

6. (a) Within 60 days after the effective date of this ORDER, and annually thereafter, the Bank's Board shall review the 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 revised written loan policy shall be submitted to the Commissioner and the Regional Director for review and comment.

(b) The initial revisions to the Bank's loan policy required by this paragraph, at a minimum, shall include provisions:

- (1) Establishing minimum debt-to-income, debt-to-equity, and debt service coverage ratios;
- (2) Establishing minimum standards for obtaining credit reports; and
- (3) Addressing concentrations of credit and diversification of risk, including goals for portfolio mix, establishment of limits within loan and other asset categories, and development of a tracking and monitoring system for the economic and financial condition of specific geographic locations, industries, and groups of borrowers;

ALLOWANCE FOR LOAN AND LEASE LOSSES AND AMENDED CALL REPORTS

7. (a) Within 15 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 ALLL in an amount equal to at least \$195,000. The ALLL shall be funded by charges to current operating income, and shall

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 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 and prevailing and prospective economic conditions. The minutes of the Bank's Board 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 March 31, 2010, and amend said reports if necessary to accurately reflect the financial condition of the Bank 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 accurately reflect the financial condition of the Bank as of the reporting date.

(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 ALLL 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.

MANAGEMENT – BOARD SUPERVISION

8. Within 30 days after the effective date of this ORDER, the Bank's Board 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 minutes shall document the Board's reviews and approvals, including the names of any dissenting directors.

MANAGEMENT – STAFFING STUDY

9. (a) Within 30 days after the effective date of this ORDER, the Bank shall retain a bank consultant acceptable to the Commissioner and the Regional Director. 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 Commissioner and the Regional Director 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 90 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) Recommendations for job descriptions for key personnel;
- (3) Recommendations for formalizing the Bank's organizational chart to include direct lines of communication
- (4) Identification and establishment of such Bank committees as are needed to provide guidance and oversight to active management;
- (5) 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;

- (6) Recommendations for training and staff development of key personnel; and
- (7) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer positions identified in the Management Plan.

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

STRATEGIC PLAN

10. (a) Within 90 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) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and
- (5) 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 Commissioner and the Regional Director for review and comment. After consideration all such comments, the Bank shall approve the Strategic Plan, which approval shall be recorded in the minutes of the Bank's Board 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 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 meeting at which such evaluation is undertaken.

(e) The Strategic Plan required by this ORDER shall be revised and submitted to the Commissioner and the Regional Director 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 Commissioner and the Regional Director 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 meeting. Thereafter, the Bank shall implement the revised Strategic Plan.

PROFIT PLAN

11. (a) Within 90 days after the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the Bank's Board shall develop a written profit plan ("Profit Plan") consisting of goals and strategies for improving the earnings of the Bank for each calendar year. The written Profit Plan shall include, at a minimum:

- (1) Identification of the major areas in, and means by, which the Board will seek to improve the Bank's operating performance;
- (2) Realistic and comprehensive budgets;
- (3) A budget review process to monitor the income and expenses of the Bank to compare actual figures with budgetary projections on not less than a quarterly basis; and
- (4) A description of the operating assumptions that form the basis for and support major projected income and expense components.

(b) Such written Profit Plan and any subsequent modification thereto shall be submitted to the Commissioner and the Regional Director for review and comment. Within 30 days after the receipt of any comment from the Commissioner and the Regional Director, the Bank's Board shall approve the written Profit Plan, which approval shall be recorded in the minutes of the Bank's Board meeting. Thereafter, the Bank, its directors, officers, and employees shall follow the written Profit Plan and/or any subsequent modification.

AUDIT FUNCTION

12. As of the effective date of this ORDER, management will initiate actions to correct deficiencies noted in the external audit reports conducted December 31, 2008 and March

31, 2010, and establish procedures to maintain strong internal controls. The Bank shall obtain an external audit of its 2010 Financial Statement. Management shall report the status of corrective action each month to the Board.

LIQUIDITY/CONTINGENCY FUNDING PLANNING/FUNDS MANAGEMENT

13. (a) Within 30 days after the effective date of this ORDER, the Bank shall review and revise its plan for addressing liquidity and contingency funding and submit the plan to the Commissioner and the Regional Director for review and comment. Components of the plan should incorporate the guidelines established in the FDIC's Financial Institution Letter 84-2008. At least annually thereafter, while this ORDER is in effect, the Bank shall review the plan and, based upon such review, shall make necessary revisions to ensure adequate provisions to meet the Bank's liquidity and contingency funding needs. The revised plan, at a minimum, should provide for:

- (1) Identification of primary and secondary/alternative sources of liquidity;
- (2) Establishing a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report;
- (3) Identification of the source and use of borrowed and/or volatile funds;
- (4) Development of guidelines on how the Bank will monitor for liquidity events, typically through stress testing of various scenarios in a pro forma cash flow format;
- (5) Monitoring of pro forma cash flow statements;

(6) Monitoring assets available for pledging against borrowing lines of credit; and

(7) Establishing testing frequency of the borrowing lines of credit.

(b) Within 30 days after the effective date of this ORDER, the Bank shall develop plans for reducing the Bank's sensitivity to interest rate risk and ensure appropriate monitoring, at least quarterly, of earnings and capital at risk given declining interest rate scenarios.

CORRECTION OF VIOLATIONS

14. (a) Within 45 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 45 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 45 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

INFORMATION TECHNOLOGY

15. Within 60 days after the effective date of this ORDER, the Bank shall correct the deficiencies and weaknesses identified on the Information Technology Assessment pages of the Department's June 7, 2010 Report of Examination. Status of the corrective measures shall be reported to the Bank's Board.

BANK SECRECY ACT (“BSA”)/OFFICE OF FOREIGN ASSETS CONTROL (“OFAC”)

16. Within 60 days after the effective date of this ORDER, the Bank shall correct the deficiencies and weaknesses identified relating to the BSA and OFAC programs included on the Examination Conclusions and Comments pages of the Department’s June 7, 2010 Report of Examination. Status of the corrective measures shall be reported to the Bank’s Board.

SHAREHOLDER NOTIFICATION

17. 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.

COMPLIANCE COMMITTEE

18. Within 30 days after the effective date of this ORDER, the Bank’s Board shall establish a subcommittee of the board of directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. The subcommittee shall report monthly to the entire Board of the Bank, and a copy of the report and any discussion related to the report or the ORDER shall be included in the minutes of the Bank’s Board meeting. Nothing

contained herein shall diminish the responsibility of the entire Board to ensure compliance with the provisions of this ORDER.

PROGRESS REPORTS

19. Within 30 days after the end of the first calendar quarter following the effective date of this ORDER, and within 30 days after the end of each successive calendar quarter, the Bank shall furnish written progress reports to the Commissioner and the Regional Director detailing the form and manner of any actions taken to secure compliance with this ORDER and the results thereof. Such reports may be discontinued when the corrections required by the ORDER have been accomplished and the Commissioner and the Regional Director have released the Bank in writing from making additional reports.

The provisions of this ORDER shall not bar, stop, or otherwise prevent the FDIC, the Department, 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 Department and the FDIC.

This ORDER is signed by the FDIC Dallas Regional Director, pursuant to delegated authority.

Issued and made effective this 29th day of October 2010.

/s/

Charles G. Cooper
Commissioner
Texas Department of Banking

/s/

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