FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.
and
TEXAS DEPARTMENT OF BANKING
AUSTIN, TEXAS

In the Matter of	)	CONSENT ORDER
PATRIOT BANK HOUSTON, TEXAS	)	FDIC 11-158b
(Insured State Nonmember Bank)	)	COMMISSIONER ORDER No. 2011-016

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for PATRIOT BANK, HOUSTON, 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, has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated May 13, 2011, that is accepted by the FDIC and the Banking Commissioner of Texas ("Commissioner"). With the STIPULATION, the Bank has consented, without admitting or denying any charges of unsafe or unsound banking practices relating to deterioration in asset quality, capital protection, and earnings; weaknesses in liquidity; and deficiencies in management and oversight by the board of directors, to the issuance of this CONSENT ORDER ("ORDER") by the Regional Director of the Dallas Regional Office of the FDIC ("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:

MANAGEMENT – BOARD SUPERVISION

1. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in Bank affairs 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:

(a) 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, non-accrued, and recovered loans; investment activities; operating policies; and individual committee actions;

(b) Board meeting minutes which document the board's reviews and approvals of the above reports, and which include the names of any dissenting directors;

(c) Documentation in the board minutes that the directors have received training on their duties and responsibilities in order to ensure the safe and sound operation of the institution.

MANAGEMENT – SPECIFIC POSITIONS

2. (a) Within 90 days after the effective date of this ORDER, the Bank shall have and retain qualified management. At a minimum, such management shall include:

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

(2) A new Chief Credit 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 person(s) shall be provided the necessary written authority to implement the provisions of this ORDER.

The qualifications of management shall be assessed on its ability to:

(1) Comply with the requirements of this 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 asset quality, capital adequacy, earnings, management effectiveness, and liquidity.

(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. Additionally, the Bank will obtain the written approval of the Commissioner prior to removing, changing, or adding any new Senior Executive Officer, other executive officers or directors.

CLASSIFIED ASSETS - CHARGE-OFF AND PLAN FOR REDUCTION

3. (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 Department as a result of its examination of the Bank as of November 08, 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 90 days after the effective date of this ORDER, the Bank shall submit a written plan to reduce the remaining assets classified Doubtful and Substandard as of November 08, 2010 ("Classified Asset Plan") to the Regional Director and the Commissioner for review. The Classified Asset Plan shall address each asset so classified with a balance of $2,000,000 or greater. The Classified Asset Plan shall include any classified assets identified subsequent to the November 08, 2010 examination by the Bank internally or by the FDIC or the Department in a subsequent visitation or examination. For each identified asset, the Classified Asset Plan should provide the following information:

(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 Classified Asset Plan shall also include, at a minimum:

(1) Review the financial position of each such borrower, including the source of repayment, repayment ability, alternate repayment sources, and a global cash flow analysis (if applicable); and

(2) Evaluate the available collateral for each such credit, including possible actions to improve the Bank's collateral position.

In addition, the Bank's Classified Asset Plan shall contain a schedule detailing the projected reduction of total classified assets on a quarterly basis. Further, the Classified Asset 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) Within 30 days after the Regional Director's and the Commissioner's response, the Classified Asset 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 Plan to the extent such measures have not been initiated.

(d) For purposes of the Classified Asset Plan, the reduction of adversely classified assets 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 Department; 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 visitation or examination conducted by the FDIC or the Department. The Bank shall also update the Classified Asset Plan as needed to reflect any assets subsequently classified as Doubtful or Substandard by the Bank internally or by the FDIC or the Department.

CONCENTRATIONS – PLAN FOR REDUCTION

4. (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 plan ("Concentrations Plan") to reduce each of the loan concentrations of credit identified in the Report of Examination as of November 08, 2010, to not more than 300 percent of the Bank's total Tier 1 Capital. Such Concentrations 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 Concentrations Plan, "reduce" means to:

(1) Charge-off;

(2) Collect; or

(3) Increase Tier 1 Capital.

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

REDUCTION OF ADVERSELY CLASSIFIED LOANS TO INSIDERS

5. (a) Within 90 days after the effective date of this ORDER, the Bank shall prepare and submit to the Regional Director and the Commissioner for review and comment a written plan to reduce the amount of loans or other extensions of credit advanced, directly or indirectly, to or for the benefit of Bank directors, executive officers, principal shareholders, or their related interests which were adversely classified in the Report of Examination as of November 08, 2010 ("Insider Loan Reduction Plan"). For purposes of the Insider Loan Reduction Plan, the terms used in this section shall have the same definition provided them in Part 215 of Regulation O, 12 C.F.R. Part 215. Such Insider Loan Reduction Plan shall include, but not be limited to:

(1) Dollar levels to which the Bank shall reduce each extension of credit within six months and one year after the effective date of this ORDER; 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 board of directors. As used in this paragraph, "reduce" means to:

a. Charge-off

b. Collect, or

c. Improve the quality of such assets so as to warrant removal of any adverse classification by the FDIC and the Department.

(b) After the Regional Director and the Commissioner have responded to the Insider Loan Reduction Plan, the Bank's board of directors shall adopt the Insider Loan Reduction Plan as amended or modified by the Regional Director and the Commissioner. The Insider Loan Reduction Plan will be implemented immediately to the extent that such provisions are not already in effect at the Bank. No new loans or other extensions of credit shall be granted to or for the benefit of such insiders without first providing the Regional Director and the Commissioner 30 days prior written notification of the anticipated action.

RESTRICTION ON ADVANCES TO CLASSIFIED BORROWERS

6. (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 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 extension of credit is classified Doubtful and/or Substandard by the FDIC or 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 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.

LOAN POLICY

7. (a) Within 90 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 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 Regional Director and the Commissioner for review and comment upon its completion.

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

(1) Designating the Bank's normal trade area;

(2) Establishing review and monitoring procedures to ensure all lending personnel are adhering to established lending procedures and that the Bank's board of directors is receiving timely and fully documented reports on loan activity, including any deviations from the established policy;

(3) Requiring all extensions of credit originated or renewed by the Bank be supported by current credit information and collateral documentation, including lien searches and the perfection of security interests; have a defined and stated purpose; and have a predetermined and realistic repayment source and schedule. Credit information and collateral documentation shall include current financial information, profit and loss statements or copies of tax returns, a global financial analysis, and cash flow projections, and shall be maintained throughout the term of the loan;

(4) Requiring loan committee review and monitoring of the status of repayment and collection of overdue and maturing loans, as well as all loans classified "Substandard" in the Report of Examination;

(5) Requiring the establishment and maintenance of an accurate loan grading system and internal loan watch list;

(6) Requiring a written plan to lessen the risk position in each line of credit identified as a problem credit on the Bank's internal loan watch list;

(7) Prohibiting the capitalization of interest or loan-related expenses unless the Bank's board of directors formally approves such extensions of credit as being in the best interest of the Bank and provides detailed written support of its position in the Bank's board minutes;

(8) Requiring that extensions of credit to any of the Bank's executive officers, directors, or principal shareholders, or to any related interest of such person, be thoroughly reviewed for compliance with all provisions of Regulation O, 12 C.F.R. Part 215 and Section 337.3 of the FDIC's Rules and Regulations, 12 C.F.R. § 337.3.

(9) Requiring a non-accrual policy in accordance with the Federal Financial Institutions Examination Council's Instructions for the Consolidated Reports of Condition and Income;

(10) Requiring accurate reporting of past due loans to the Bank's board of directors on at least a monthly basis;

(11) 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;

(12) Establishing standards for extending unsecured credit;

(13) Establishing standards for the origination, renewal, or restructuring of loans to ensure well-defined payment programs including guidance on when and under what circumstances interest-only loans are appropriate;

(14) Incorporating collateral valuation requirements, including:

a. Maximum loan-to-collateral-value limitations;

b. A requirement that the valuation be completed prior to a commitment to lend funds;

c. A requirement for periodic updating of valuations; and

d. A requirement that the source of valuations be documented in Bank records;

(15) Establishing standards for initiating collection efforts;

(16) Establishing guidelines for timely recognition of loss through charge-off;

(17) Prohibiting the extension of a maturity date, advancement of additional credit or renewal of a loan to a borrower whose obligations to the Bank were classified "Substandard," "Doubtful," or "Loss," whether in whole or in part, as of November 08, 2010, or by the FDIC or Department in a subsequent Report of Examination, without the full collection in cash of accrued and unpaid interest, unless the loans are well secured and/or are supported by current and complete

financial information, and the renewal or extension has first been approved in writing by a majority of the Bank's board of directors;

(18) Requiring that collateral appraisals be completed prior to the making of secured extensions of credit, and that periodic collateral valuations be performed for all secured loans listed on the Bank's internal watch list, criticized in any internal or outside audit report of the Bank, or criticized in any Report of Examination of the Bank by the FDIC or the Department;

(19) Prohibiting the issuance of standby letters of credit unless the letters of credit are well secured and/or are supported by current and complete financial information;

(20) Establishing limitations on the maximum volume of loans in relation to total assets;

(21) Establishing review and monitoring procedures to ensure compliance with FDIC's regulation on appraisals pursuant to Part 323 of the FDIC's Rules and Regulations, 12 C.F.R. Part 323.

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

LOAN COMMITTEE AND LOAN REVIEW REQUIREMENTS

8. (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 fifty 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 of its 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 marriage, common financial interest, or 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.

ALLOWANCE FOR LOAN AND LEASE LOSSES

9. 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)("Number 450" and "Number 310" 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 Bank's board of directors must document with written reasons any decision not to require provisions for loan losses in the board minutes.

CAPITAL MAINTENANCE

10. (a) Within 90 days after the effective date of this ORDER and while this ORDER is in effect, the Bank, after establishing an adequate Allowance for Loan and Lease Losses, shall maintain its Tier 1 Leverage Capital ratio equal to or greater than 9.5 percent of the Bank's Average Total Assets; and shall maintain its Total Risk-Based Capital ratio equal to or greater than 13.5 percent of the Bank's Total Risk Weighted Assets.

(b) 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 Regional Director and the Commissioner, present to the Regional Director and the Commissioner a 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 ("Capital Plan"). 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.

(c) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the Capital Plan, 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 Regional Director and the Commissioner respond to the Capital Plan. 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 November 08, 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 November 08, 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 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 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.

(e) 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's 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.

(f) The Capital Plan must include a contingency plan ("Contingency Plan") that shall include a plan to sell or merge the Bank in the event that the Bank:

(1) Fails to maintain the minimum capital ratios required by the Order,

(2) Fails to submit an acceptable Capital Plan or

(3) Fails to implement or adhere to a Capital Plan to which no written objection was provided by the Regional Director and the Commissioner.

The Bank shall be required to implement the Contingency Plan only upon written notice from the Regional Director and the Commissioner.

(g) 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's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(h) 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

11. 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.

PROFIT PLAN

12. (a) Within 90 days after the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors 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 of directors 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 Regional Director and the Commissioner for review and comment. Within 30 days after the receipt of any comment from the Regional Director and the Commissioner, the Bank's board of directors shall approve the written Profit Plan which approval shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank, its directors, officers, and employees shall follow the written Profit Plan and/or any subsequent modification.

LIQUIDITY/ASSET/LIABILITY MANAGEMENT

13. (a) Within 90 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 and asset/liability management ("Liquidity Plan"). 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 maintain adequate provisions to meet the Bank's liquidity needs. The initial Liquidity Plan shall include, at a minimum, provisions:

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

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

(3) 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;

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

(5) Establishing a new liquidity contingency plan by identifying alternative courses of action designed to meet the Bank's liquidity needs;

(6) 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

(7) 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

14. (a) Within 90 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 90 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 90 days after the effective date of this ORDER, the Bank shall address any contraventions of policy noted in the Report of Examination.

BUSINESS PLAN

15. While this ORDER is in effect, the Bank shall not enter into any new line of business without the prior written consent of the Regional Director and the Commissioner.

SHAREHOLDER NOTIFICATION

16. 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.

PROGRESS REPORTS

17. (a) 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 Regional Director and the Commissioner 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 Regional Director and the Commissioner have released the Bank in writing from making additional reports.

(b) 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 its issuance by the FDIC and the Commissioner.

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 Commissioner.

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

Issued and made effective this 13th day of May, 2011.

/s/___________________________________
Kristie K. Elmquist
Acting Regional Director
Dallas Region
Division of Risk Management Supervision
Federal Deposit Insurance Corporation

/s/___________________________________
Charles G. Cooper
Commissioner
Texas Department of Banking