FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

and

TEXAS DEPARTMENT OF BANKING
AUSTIN, TEXAS

In the Matter of	ORDER TO CEASE AND DESIST
ELSA STATE BANK & TRUST CO. ELSA, TEXAS	FDIC 06-117b STATE NUMBER 2006-028
(Insured State Nonmember Bank)	

The Elsa State Bank & Trust Co., Elsa, Texas ("Bank"), through its board of directors, having been advised of its right to the issuance and service of a NOTICE OF CHARGES AND OF HEARING detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b) and section 35.002 et seq. of the Texas Finance Code, Tex. Fin. Code Ann. § 35.002 et seq. (Vernon 1998), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC") and a representative of the Texas Department of Banking (the "State") dated July 7, 2006, whereby, solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC and the State.

The FDIC and the State considered the matter and determined that they had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had violated laws and/or regulations. The FDIC and the State, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS ORDERED, that the Bank, institution-affiliated parties, as that term is defined in section 3(u) of the Act, 12 U.S.C. § 1813(u), of the Bank and its successors and assigns, cease and desist from the following unsafe or unsound banking practices and violations of laws and/or regulations:

(a) Operating the Bank with an inadequate level of capital protection for the kind and quality of assets held by the Bank.

(b) Operating the Bank with inadequate earnings to fund growth, support dividend payments and augment capital.

(c) Operating the Bank with an excessive level of adversely classified loans or assets.

(d) Engaging in poor credit administration practices.

(e) Operating the Bank with inadequate written loan policies and procedures.

(f) Operating the Bank in contravention of written loan policies and procedures.

(g) Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.

(h) Operating the Bank without adequate supervision and direction by the Bank's board of directors over the management of the Bank to prevent unsafe and unsound banking practices and violations of laws or regulations.

(i) Operating the Bank in violation of applicable Federal and State laws and regulations.

(j) Operating the Bank with inadequate internal review policies or procedures or internal routines and controls.

(k) Operating the Bank with an inadequate audit program.

(l) Operating the Bank with inadequate controls regarding interest rate risk.

(m) Operating the Bank with an inadequate asset/liability management policy.

(n) Operating the Bank in violation of Appendix B, to Part 364, Interagency Guidelines Establishing Information Security Standards, (Appendix B, 12 C.F.R. Part 364).

(o) Operating the Bank in violation of the Currency and Foreign Transactions Reporting Act (31 U.S.C. § 5311 et seq.), the Bank Secrecy Act ("BSA"), the rules and regulations implementing the BSA issued by the U.S. Department of Treasury (31 C.F.R. Part 103) ("Financial Recordkeeping"), the FDIC's BSA Programs and Procedures regulations (12 C.F.R. Part 326) ("BSA Programs and Procedures"), and the FDIC's Suspicious Activity Reports regulations (12 C.F.R. Part 353)("SAR Procedures") by failing to: have adequate programs and procedures in place to ensure adherence to the reporting and recordkeeping requirements of the BSA; file Suspicious Activity Reports ("SARs"); conduct training and testing of BSA systems as required by the aforementioned statutes and regulations.

IT IS FURTHER ORDERED, that the Bank, its institution-affiliated parties and its successors and assigns take affirmative action as follows:

1. (a) On, or before, September 30, 2006, the Bank shall submit a written plan to the Regional Director and the Commissioner to increase its Tier 1 Capital to at least 8 percent. The capital plan shall also cause the Bank to achieve and maintain Tier 1 Capital, after establishing an Allowance for Loan and Lease Losses, equal to or greater than 8 percent of the Bank's average Total Assets. After the Regional Director and the Commissioner respond to the plan, the Bank's board of directors shall adopt the plan, including any modifications or amendments requested by the Regional Director and the Commissioner. Thereafter, the Bank shall immediately initiate measures detailed in the plan, to the extent such measures have not previously been initiated, to effect compliance with the plan within 10 days after the Regional Director and the Commissioner respond to the plan. Such increase in Tier 1 Capital and any increase in Tier 1 Capital necessary to meet the ratio required by this ORDER may be accomplished by:

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

(ii) The direct contribution of cash subsequent to April 3, 2006 by the directors and/or shareholders of the Bank or by the Bank’s holding company; or

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

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

(b) If the ratio of Tier 1 Capital to average Total Assets is less than 8 percent as determined by the Bank or at an examination by the FDIC or the State, the Bank shall present to the Regional Director and the Commissioner another plan to increase the Tier 1 Capital of the Bank or to take other measures to bring the ratio to 8 percent. The new plan shall be presented to the FDIC and the State within 30 days of such determination. After the Regional Director and the Commissioner respond to the plan, the board of directors of the Bank shall adopt the plan, including any modifications or amendments requested by the Regional Director and the Commissioner. Thereafter, the Bank shall immediately initiate measures detailed in the plan, to the extent such measures have not previously been initiated, to increase its Tier 1 Capital by an amount sufficient to bring the ratio to 8 percent within 365 days after the Regional Director and the Commissioner respond to the plan.

(c) 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.

(d) 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.

(e) In addition to the requirements of subparagraphs (a) and (b), 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.

(f) For the purposes of this ORDER, the terms "Allowance for Loan and Lease Losses", "Tier 1 Capital", and "Total Assets" shall be as defined in Part 325 of the FDIC's Rules and Regulations, respectively Sections 325.2(a), (v), and (x), 12 C.F.R. §§ 325.2(a),(v), and (x). "Average Total Assets" shall be calculated according to the methodology set forth in the Report of Examination.

2. As of the effective date of this ORDER, the Bank shall pay no cash dividends which would result in a Tier 1 Capital ratio of less than 8 percent, without the prior written consent of the Regional Director and the Commissioner.

3. (a) On, or before, September 30, 2006, 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:

- (i) Setting forth a specific methodology to be utilized when calculating the allowance for loan and lease losses;
- (ii) Requiring borrowers to submit updated financial statements during the life of their loans;
- (iii) Describing in detail the circumstances in which an environmental assessment of the collateral securing any loan is required; and
- (iv) Establishing guidelines for timely recognition of loss through charge-off.

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

4. On, or before, September 30, 2006, the board of directors of the Bank shall restructure the loan review committee so that at least a majority 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: (a) who is not an officer of the Bank, any subsidiary of the Bank, or any of its affiliated organizations; (b) who does not own more than 5 percent of the outstanding shares of the Bank; (c) 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 (d) 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 (e) who is deemed to be an Independent Director for purposes of this ORDER by the Regional Director and the Commissioner.

5. (a) On, or before, September 30, 2006, the Bank's board of directors shall establish a written policy regarding provisional credits to prevent abuses relating to the granting of provisional credits. Such policy shall establish approval limits for each officer. Any proposed provisional credit that exceeds

an officer's approval limit shall require the approval of either the Bank's loan committee or the Bank's board of directors.

(b) The Bank shall submit the foregoing policy to the Regional Director and the Commissioner for review and 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 it is not already in effect at the Bank.

6. (a) On, or before, September 30, 2006, 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 and one-half of the assets classified Doubtful by the FDIC or the State as a result of its examination of the Bank as of April 3, 2006. The Bank shall not rebook such loans without the prior written consent of the Regional Director and the Commissioner. 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) On, or before, September 30, 2006, the Bank shall submit a written plan to the Regional Director and the Commissioner to reduce the remaining assets classified Doubtful and Substandard as of April 3, 2006. The plan shall address each asset so classified with a balance of $200,000 or greater and provide the following:

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

(ii) Type of asset;

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

(iv) Time frames for accomplishing the proposed actions.

The plan shall also require, at a minimum:

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

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

The plan shall be formulated so that, within 180 days after the effective date of this ORDER, the Bank shall achieve a reduction in the volume of the adversely classified assets reflected in the April 3, 2006 Report of Examination, to a level not to exceed 50 percent of Tier 1 Capital plus the Allowance for Loan and Lease Losses as determined at the end of the 180 day period. The plan may include a provision for increasing capital where necessary to achieve the prescribed ratio.

(c) The Bank shall present the plan to the Regional Director and the Commissioner for review and comment. Within 30 days after the Regional Director's and the Commissioner's response, the plan, including any requested modifications or amendments shall be adopted by the Bank's board of directors. The

Bank shall then immediately initiate measures detailed in the plan to the extent such measures have not been initiated.

(d) For purposes of the plan, the reduction of the level of adversely classified assets as of April 3, 2006, to a specified percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses may be accomplished by:

(i) Charge-off;

(ii) Collection;

(iii) 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

(iv) Increase of 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.

7. (a) On, or before, September 30, 2006, the Bank shall have and retain a qualified senior lending officer. The senior lending officer must have an appropriate level of lending, collection, and loan supervision experience for the type and quality of the Bank's loan portfolio. Such person shall be provided the necessary written authority to implement the provisions of this ORDER. The qualifications of the senior lending officer shall be assessed on his ability to:

(i) Comply with the requirements of this ORDER;

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

(iii) Comply with applicable laws and regulations; and

(iv) 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 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 Rules and Regulations, 12 C.F.R. §§ 303.100 - 303.103.

8. (a) On, or before, September 30, 2006, 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:

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

(ii) The responsibilities of the consultant;

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

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

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

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

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

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

(c) The Management Plan shall be developed on, or before, September 30, 2006. The Management Plan shall include, at a minimum:

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

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

(iii) 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

(iv) 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 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.

9. (a) On, or before, September 30, 2006, the Bank shall

initiate corrective actions to eliminate all violations of law and regulation noted in the Report of Examination.

(b) On, or before, September 30, 2006, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

10. (a) On, or before, September 30, 2006, the Bank's board of directors shall review the Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations. This review and the changes made by the Bank in its audit program as a result of the review shall be recorded in the applicable board of directors' minutes and forwarded to the Regional Director and the Commissioner for review and comment.

(b) Within 30 days from the receipt of any comment from the Regional Director and the Commissioner, and after the adoption of any recommended changes, the Bank shall continue to implement this policy. The adoption of any such comments and changes shall be recorded in the minutes of the board of directors' meeting.

11. On, or before, September 30, 2006, the Bank's board of directors shall implement an effective program for internal audit and control. The audit program shall provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records, and shall comply with the Interagency Policy Statement on the Internal Audit Function and its Outsourcing. The internal auditor shall report quarterly to the Bank's board of directors. The report and any comments made by the directors regarding the internal auditor's report shall be

noted in the minutes of the Bank's board of directors meetings.

12. (a) On, or before, September 30, 2006, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written profit plan and a realistic, comprehensive budget for all categories of income and expense for calendar years 2006 and 2007. The plan(s) 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 shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) Within 30 days after the end of each calendar quarter following completion of the profit plan(s) and budget(s) required by this paragraph, the Bank's board of directors shall evaluate the Bank's actual performance in relation to the 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 at which such evaluation is undertaken.

(c) 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 of the end of each year. Within 30 days of receipt of all such comments from the Regional Director and the Commissioner and after adoption of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of a board of directors' meeting. Thereafter, the Bank shall implement and follow the plan.

13. On, or before, September 30, 2006, the Bank shall review its interest rate risk position and such review shall be completed quarterly thereafter.

14. (a) On, or before, September 30, 2006, the Bank shall prepare a written assessment of its information technology systems. This assessment shall address the findings of the Information Technology review, as set forth in the Report of Examination dated April 3, 2006, with respect to information technology systems and shall include the Bank's proposed corrective measures.

(b) Upon completion of the written assessment referenced above, the Bank's board of directors shall review, approve, and submit its written assessment to the Regional Director and the Commissioner for review and comment.

(c) Within 30 days after receipt of the Regional Director's and the Commissioner's comments on the written assessment, the Bank will adopt and implement all corrective measures detailed in the assessment.

15. (a) On, or before, September 30, 2006, the Bank shall modify its BSA policy to incorporate the following:

(i) The BSA policy shall have adequate provisions regarding the opening and the servicing of accounts of non-resident aliens to ensure that proper documentation is obtained by the Bank;

(ii) The BSA policy shall require adequate validation of customers' addresses as set forth in the Bank's Customer Identification Program to ensure that proper documentation is obtained by the Bank; and

(iii) The BSA policy shall detail procedures that ensure that appropriate and timely filing of SARs.

(b) On, or before, September 30, 2006, the Bank shall establish procedures to ensure that customers are being compared to the Office of Foreign Asset Control ("OFAC") listings. The procedures must include, at a minimum: records documenting searches and document retention procedures. Documentation must be sufficient in scope that an audit trail can be produced.

(c) On, or before, September 30, 2006, the Bank shall expand the searches required by the Financial Crimes Enforcement Network ("FinCEN") to include deposit accounts and loans closed during the prior 12 months.

(d) On, or before, September 30, 2006, the Bank shall establish and develop procedures that ensure that the Bank documents and records the identity of purchasers of monetary instruments in accord with 31 C.F.R. § 103.29 and that the procedures established shall ensure that monetary instrument transactions sold to non-customers for currency in the amount of $3,000 or more that occurred during the preceding 6 months are documented.

(e) The Bank shall implement a training program for all appropriate personnel concerning compliance with the BSA, Financial Recordkeeping, and BSA Programs and Procedures. The initial training shall be completed by September 30, 2006. The Bank shall thereafter conduct additional training on a regular basis, but not less than annually. Employees receiving the initial and subsequent training shall include, but are not limited to, all current or new employees employed by the Bank as tellers, new accounts personnel, lending personnel, bookkeeping personnel, wire transfer personnel, proof personnel, senior Bank management and the Bank's board of directors.

(f) On, or before, September 30, 2006, and at least annually thereafter, the Bank shall employ an independent consultant to test the Bank's BSA Program to ensure that proper controls are in place to comply with the BSA, Financial Recordkeeping and BSA Programs and Procedures. The independent testing program shall include, at a minimum:

(i) An evaluation of the overall integrity and effectiveness of the Bank's BSA/Anti-money Laundering ("AML") compliance program, including policies, procedures, and processes;

(ii) A review of the Bank's risk assessment for reasonableness given the Bank's risk profile (products, services, customers, and geographic locations);

(iii) A testing of appropriate transactions testing to verify the Bank's adherence to the BSA recordkeeping and reporting requirements;

(iv) An evaluation of Bank management's efforts to resolve violations and deficiencies noted in previous audits and regulatory examinations, including progress in addressing outstanding supervisory actions, if applicable;

(v) A review of staff training for adequacy, accuracy, and completeness;

(vi) A review of the effectiveness of the suspicious activity monitoring systems (manual, automated, or a combination) used for BSA/AML compliance (related reports may include, but are not limited to: suspicious activity monitoring reports, large currency aggregation reports, monetary instrument records, funds transfer records, nonsufficient funds ("NSF") reports, large balance fluctuation reports, and account relationship reports); and

(vii) An assessment of the overall process for identifying and reporting suspicious activity, including a review of prepared or filed SARs to determine their accuracy, timeliness, completeness, and effectiveness of the Bank's policy.

(g) The results of each independent test as well as any apparent exceptions noted during the testing shall be presented to the Bank's board of directors. The board shall record the steps taken to correct any exceptions noted, address any recommendations made during each independent test, and record its actions in the minutes of the Bank's board of directors' meetings.

(h) The Bank shall ensure that they will continue to employ a well qualified BSA officer and the Bank shall notify, within 14 days, the Regional Director and the Commissioner in writing of any changes concerning the Bank's BSA officer position. The Bank's notice shall include, at a minimum, the following information regarding the new BSA officer: salary, education, professional industry experience, and BSA training and experience.

16. On, or before, September 30, 2006, the Bank's board of directors shall establish a committee of the board of directors with the responsibility to ensure that the Bank complies with the provisions of this ORDER. At least a majority of the members of such committee shall be independent, outside directors as defined in paragraph 4 of this Order. The committee shall report monthly to the entire board of directors, and a copy of the monthly report and any discussion relating to the monthly report or this ORDER shall be included in the minutes of the Bank's board of directors' meetings. Nothing contained herein shall diminish the

responsibility of the entire board of directors to ensure compliance with the provisions of this ORDER.

17. 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 has/have released the Bank in writing from making additional reports.

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 effective date of this ORDER shall be ten (10) days after its issuance. This ORDER shall be binding upon the Bank, its successors and assigns, and all institution-affiliated parties of the Bank. The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision of this ORDER shall have been modified, terminated, superceded, or set aside by the FDIC and the Commissioner.

Pursuant to delegated authority.

Dated: July 7, 2006.

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Stan Ivie
Regional Director
Dallas Regional Office
Division of Supervision and
Consumer Protection
Federal Deposit Insurance Corporation

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Randall S. James
Commissioner
Texas Department of Banking
Austin, Texas