

2601 North Lamar - Suite 201
Austin, Texas 78705
Telephone: (512) 475-1350

APPLICATION FOR CONVERSION OF AN EXISTING DEPOSITORY INSTITUTION INTO A TEXAS SAVINGS BANK

INTRODUCTION

This application shall be prepared by the entity that proposes to convert to a state savings bank. The application must demonstrate that the applicant complies with the provisions of the Texas Savings Bank Act (the "Act") and the Rules and Regulations Applicable to Texas Savings Banks (the "Rules"). Two complete originally signed copies with all exhibits, accompanied by the application fee as provided in 79.105 of the Rules, shall be filed with the Commissioner, Texas Savings and Mortgage Lending Department, 2601 North Lamar, Suite 201, Austin, Texas 78705.

The required application format is set forth beginning on page 3 and the submission should clearly identify the item to which each response applies. The application and all required supporting information shall be executed by the officer submitting the application.

Confidential Treatment

All materials filed as part of this application are available for public inspection, except the personal financial data supplied and identified as "CONFIDENTIAL" and that which the Commissioner determines to hold from public availability because of its confidential nature.

If the applicant submits information it deems to be confidential, such information must be separately bound and labeled "CONFIDENTIAL" and a statement shall be submitted briefly setting forth the grounds on which such information should be treated as confidential.

CONVERSION AND APPLICATION PROCEDURE

The conversion process is initiated by the adoption of a resolution by the depository institution's board of directors which adopts a conversion plan and authorizes the submission of an application for conversion. In addition to submitting the application to the Department, copies of the application must be submitted to the appropriate regulator and the Federal Deposit Insurance Corporation. Upon receipt of the application, the Commissioner and the Department will review the application and determine whether any additional information will be required. After review of the filed material, the applicant may be requested to furnish additional information as an amendment to the application. Further, the applicant may amend the application at its discretion. All amendments shall be clearly identified as such, numbered consecutively and shall comply with all pertinent requirements of the application, including signature. Upon receipt of all necessary information, the application will be deemed complete and the applicant so advised in writing.

The Commissioner will conduct an examination of each applicant as required by 92.301(b) of the Act to evaluate the safety and soundness of the applicant and compliance with the standards, conditions and requirements set forth in Chapter 92 of the Act and the Rules.

After review of the application and receipt of the report of examination, within 60 days of the date the application is deemed complete, the Commissioner will either issue an approval of the conversion plan or deny the application for a savings bank charter. If the application is denied, the applicant is entitled to a hearing under the Administrative Procedure and Texas Register Act upon written request. If the conversion plan is approved, the applicant shall obtain approval of the conversion by a majority vote from its stockholders or members at an annual or special meeting called to consider the action.

Approval of the charter application will be conditioned upon the receipt of all necessary regulatory approvals. Following the adoption of the conversion plan by the stockholders or members, the applicant shall provide certified copies of the minutes of the meeting of the stockholders or members evidencing the adoption of the conversion plan by a majority vote of the stockholders or members of the applicant and specifically providing the total number of votes eligible to be cast and the total number of votes cast; the total number of votes approving or rejecting the applicant's conversion plan and adopting or rejecting the revised Articles of Incorporation; and percentage of votes cast to approve such conversion plan and adopt the revised Articles of Incorporation.

Upon the satisfaction of all such conditions, the Commissioner is authorized to approve the conversion without a hearing, based upon 92.303(b) of the Act, if the converting financial institution is determined to be in sound condition and meets the standards, conditions and requirements of the Act and the Rules.

TEXAS SAVINGS AND MORTGAGE LENDING DEPARTMENT

2601 North Lamar Suite 201

Austin, Texas 78705

APPLICATION FOR CONVERSION TO A TEXAS SAVINGS BANK

(Exact Name of Applicant as Specified in Charter)

(Street Address of Applicant)

(City, State and Zip Code)

(Date of Application)

Additional Information Concerning This Application May Be Obtained From:

(Name and Title)

(Address)

(Telephone Number)

The undersigned hereby makes this application to the Savings and Loan Commissioner for approval to convert _____

(Name of Depository Institution)

to a state chartered savings bank pursuant to the Texas Savings Bank Act, (the "Act") and Chapter 75 of the Rules and Regulations Applicable to Texas Savings Banks, 7 TAC 75.01, et seq. (the

"Rules"), and submits a statement of the proposed plan of conversion and other information and exhibits required by the Commissioner.

In submitting this application, the applicant understands that the Commissioner is required by the Act to conduct an examination to evaluate the qualifications of the applicant to be granted a Texas savings bank charter, which shall be at the expense of the applicant and the applicant shall pay the costs thereof as computed by the Department.

This application has been approved by at least two-thirds of the board of directors of the applicant as evidenced by a copy of the resolution(s) of the board of directors adopting the conversion plan and authorizing the filing of this application certified by the chief executive officer and/or secretary of the applicant. Upon approval by the Commissioner, the conversion plan shall be submitted to the eligible stockholders or members of the applicant.

Item 1. The proposed name of the state chartered savings bank is:

Item 2. The proposed home office of the savings bank shall be located at: _____,
_____ County, Texas.

Item 3. DIRECTORS, OFFICERS, AND CONTROLLING PERSONS.

(A) The following is a list of the names, addresses, ages and principal occupations of each member of the applicant's board of directors:

(B) The following is a list of the names, addresses and ages and officer designations of each of the executive officers of the applicant:

If the applicant contemplates any changes in the board of directors or executive officers of the proposed savings bank upon conversion, those changes should be described and the names, addresses, ages and principal occupations of any additional persons shall be provided.

(C) The following is a list of the names and addresses of all persons or entities that own, control, hold with the power to vote, or hold proxies representing 10% or more of the outstanding voting securities of the applicant ("Controlling Persons"), indicating the number of shares owned and the percentage of total outstanding voting securities held:

Item 4. PLAN OF CONVERSION. The application must include a plan of conversion which sets forth the terms and conditions of the conversion and the manner in which it is to be accomplished. As a minimum, the conversion plan should:

(A) Express the intention to convert under provisions of the Act, state the name proposed for the new savings bank and indicate changes anticipated, if any, in officers and directors for the new savings bank. Name the proposed managing officer, chairperson of the board of directors and other initial directors.

(B) Describe the capital account transaction(s) necessary to effect the conversion (e.g., one for one exchange of shares of identical value and rights, or membership rights identical to those of depositors and borrowers of the converting institution).

(C) Provide that the corporate existence of the applicant shall not terminate but shall be a continuation of the entity of the converting financial institution and shall maintain such property rights, interests, assets and privileges as provided in 92.306 of the Act.

(D) State that the plan may be substantively amended by the board of directors as a result of the comments of regulatory authorities and at any time with the approval of the Commissioner, and that the conversion may be terminated by the board of directors at any time.

Item 5. CAPITAL. As part of the application, provide an exhibit that sets forth the components of the applicant's core and risk-based capital. Provide sufficient detail in the exhibit to facilitate analysis of the appropriateness of the components of such calculations.

Item 6. BUSINESS PLAN. A three-year business plan shall be included in the application. The business plan shall contain a brief narrative and a three-year budget projection (i.e., annual proforma balance sheet and income and expense statements) for the proposed savings bank.

Item 7. ADDITIONAL OFFICES AND SUBSIDIARIES:

(A) The following is a list of all branch offices, loan production offices, savings offices, administrative offices and all other applicable offices of the applicant, including the address and telephone number of each such facility:

(B) The following is a list of each subsidiary (including second tier, third tier and subsequent tier subsidiaries) of the applicant, including a brief description of the amount of investment in each such subsidiary, the business activity conducted through each such subsidiary, the registered agent for each subsidiary and a listing of each principal office of each subsidiary and any branch or ancillary offices thereof:

Item 8. LOCAL SERVICE AREA DESIGNATION. A description of the applicant's local service area shall be provided consistent with 94.201 of the Act and 77.74(b) of the Rules. The applicant may submit such statements, maps, exhibits or other information necessary to effectively describe its local service area. The applicant may seek approval from the Commissioner of the definition of its local service area and once agreed to by the applicant and the Commissioner such definition may be relied on for the duration of the institution's corporate existence. Compliance with the investment requirements of 94.201 of the Act and 77.74 of the Rules will be one of the issues addressed in the Department's examination.

Item 9. ARTICLES OF INCORPORATION AND BYLAWS. The application shall include two copies of the proposed amended or restated Articles of Incorporation as a Texas savings bank and two copies of the proposed amended bylaws for the savings bank consistent with 92.052 of the Act.

Item 10. RESOLUTION OF APPLICANT'S BOARD OF DIRECTORS. The application shall include a certified copy of the resolution approved by at least two-thirds of the board of directors of the applicant adopting the conversion plan and authorizing the filing of this application certified by the chief executive officer and/or secretary of the applicant.

Item 11. INFORMATION REGARDING DIRECTORS AND OFFICERS. The application shall include a Schedule A originally executed by each director, executive officer and controlling person, which includes information regarding affiliations with other insured depository institutions and their subsidiaries for the last five (5) years, and certain other information pertaining to them. The Schedule A Certification on page 6 must be originally signed by the individual submitting the required biographical information. Additionally, the managing officer and each 10% controlling shareholder shall provide a financial statement, including detailed supplemental schedules as set forth in Schedule A, and shall submit a complete copy of their most recent federal income tax return.

Item 12. EXPENSES OF THE CONVERSION. The application shall include a list of the estimated expenses of the conversion to the applicant.

Item 13. PROXY STATEMENTS. The application shall include any proxy statements or other information submitted, or to be submitted to, the applicant's stockholders or members regarding the proposed conversion or soliciting votes in favor of the conversion plan.

Item 14. SEQUENCE AND TIMING OF CONVERSION. The application shall set forth the intended sequence and timing of events connected with the conversion plan. The completion date shall not be more than six (6) months from the date that the board of directors approves the conversion plan and shall not be extended by the converting institution without the written approval of the Commissioner.

Item 15. INFORMATION NECESSARY TO SUPPORT REQUIRED FINDINGS. The application shall include such statements, exhibits and other data sufficiently detailed and comprehensive to enable the Commissioner to make the necessary findings required for approval of a savings bank charter pursuant to 92.303 of the Act.

Item 16. ADDITIONAL INFORMATION. The application may include such other documents or information which the applicant deems to be material to the Department's consideration of the application.

Item 17. SUPERVISORY INFORMATION. If the applicant is not a state chartered savings and loan association currently subject to the jurisdiction of the Department, the application shall include the following:

(A) True copies of the last two (2) supervisory examination reports of all state and federal financial institution regulatory agencies having jurisdiction over the converting depository institution, including applicable supervisory correspondence;

(B) For the three (3) years preceding the adoption of the conversion plan by the applicant's board of directors, true copies of all supervisory agreements or orders issued by or entered into with any state or federal financial institution regulatory agency relating to the converting depository institution;

(C) A set of audited financial statements, including balance sheet, statement of financial condition, income and expense report and a copy of the management letter, as of the fiscal year immediately preceding the date of adoption of the conversion plan by the applicant's board of directors; and

(D) The latest quarterly reports of condition and the latest Thrift Financial Reports or Call Reports that are required by the financial institution regulatory agency having jurisdiction over the converting depository institution.

Item 18. HOLDING COMPANIES. If, under federal or state law, the proposed savings bank will be owned by an entity that would be considered a depository institution holding company, the application shall also include:

- (A) The names and addresses of all holding company directors and executive officers;
- (B) The names and addresses of all persons or entities that own, control, hold with
- (C) power to vote, or hold proxies representing 10% or more of the voting shares of the
- (D) holding company; and
- (E) The names and addresses of all affiliates and subsidiaries of the holding company.

If a savings bank charter is granted, the applicant and its holding company parent shall be required to submit a holding company registration within 90 days of the issuance of the charter.

Item 19. SIGNATURES. The application shall be signed by the applicant's chief executive officer and by each member of its board of directors with the following preceding such signatures:

SIGNATURES

Pursuant to the requirements of the Texas Savings Bank Act, the applicant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing this application and has duly caused this application to be signed on its behalf by the undersigned, this ____ day of _____, 20__.

Name of Applicant

Chief Executive Officer

Director

Director

Director

Director

Director

Director