

#251



February 12, 2009

Office of the Special Inspector General
Troubled Asset Relief Program
1500 Pennsylvania Ave., N.W., Suite 1064
Washington, D.C. 20220

Dear Mr. Neil M. Barofsky:

In response to your letter requesting information about our participation in the Troubled Asset Relief Program ("TARP"), we present the following:

The closing for Texas National Bancorporation, Inc.'s (the "Company") participation in the TARP occurred on January 9, 2009. The TARP generated \$3,981,000 in gross proceeds for the Company. (b) (4) (b) (4) (b) (4)
(b) (4) The funds were wired to the Company's general account and were not segregated from other institutional funds.

On January 9, 2009, \$3 million of the proceeds were infused as capital into the Company's wholly-owned subsidiary, Texas National Bank of Jacksonville (the "Bank"). The proceeds were placed in the Bank's general account and are intended to be used by the Bank for general operating purposes, including making loans in the local community. The balance is being maintained in the holding company's account at the Bank and may be applied toward debt-related expenses of the Company.

The Bank has experienced substantial asset growth in recent years, due to an expanding branch network; the capital infusion is expected to support this expansion. As of December 31, 2007, gross loans of the Bank were \$99.2 million, compared to \$151.7 million as of December 31, 2008. As of January 31, 2009, gross loans totaled \$152.1. (b) (4)
(b) (4) In approximately 60 days, the Bank is expected to open its fifth full service location.

The Company will continue to comply with executive compensation requirements associated with TARP, and does not expect to encounter any issues with regard to such requirements in the future.

If you need additional information, please let me know.

I certify the accuracy of all statements, representations, and supporting information provided, subject to the requirements and penalties set forth in Title 18, United States Code, Section 1001.

Sincerely,

A handwritten signature in cursive script that reads "Royce Fletcher". The signature is written in dark ink and is positioned above the printed name.

Royce Fletcher
Texas National Bancorp
Chairman of the Board