#2008-098

AGREEMENT BY AND BETWEEN
Texas Republic Bank, NA
Frisco, Texas
and
The Comptroller of the Currency

Texas Republic Bank, NA, Frisco, Texas ("Bank") and the Comptroller of the Currency of the United States of America ("Comptroller") wish to protect the interests of the depositors, other customers, and shareholders of the Bank, and, toward that end, wish the Bank to operate safely and soundly and in accordance with all applicable laws, rules and regulations.

The Comptroller has found unsafe and unsound banking practices and violations of laws and regulations at the Bank.

In consideration of the above premises, it is agreed, between the Bank, by and through its duly elected and acting Board of Directors ("Board"), and the Comptroller, through his authorized representative, that the Bank shall operate at all times in compliance with the articles of this Agreement.

ARTICLE I

JURISDICTION

(1) This Agreement shall be construed to be a "written agreement entered into with the agency" within the meaning of 12 U.S.C. § 1818(b)(1).

(2) This Agreement shall be construed to be a "written agreement between such depository institution and such agency" within the meaning of 12 U.S.C. § 1818(e)(1) and 12 U.S.C. § 1818(i)(2).

(3) This Agreement shall be construed to be a "formal written agreement" within the meaning of 12 C.F.R. § 5.51(c)(6)(ii). See 12 U.S.C. § 1831i.

(4) This Agreement shall be construed to be a "written agreement" within the meaning of 12 U.S.C. § 1818(u)(1)(A).

(5) All reports or plans which the Bank or Board has agreed to submit to the Assistant Deputy Comptroller pursuant to this Agreement shall be forwarded to the:

Assistant Deputy Comptroller
Fort Worth Field Office
9003 Airport Freeway, Suite 275
Fort Worth, Texas 76180

ARTICLE II

STRATEGIC PLAN

(1) Within one hundred and twenty (120) days from the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written strategic plan for the Bank covering at least a three-year period. The strategic plan shall establish objectives for the Bank's overall risk profile, earnings performance, growth, balance sheet mix, off-balance sheet activities, liability structure, capital adequacy, reduction in the volume of nonperforming assets, product line development and market segments that the Bank intends to promote or develop, together with strategies to achieve those objectives and, at a minimum, include:

a. a mission statement that forms the framework for the establishment of strategic goals and objectives;

b. an assessment of the Bank's present and future operating environment;

c. the development of strategic goals and objectives to be accomplished over the short and long term;

d. an identification of the Bank's present and future product lines (assets and liabilities) that will be utilized to accomplish the strategic goals and objectives established in (1)(c) of this Article II;

e. an evaluation of the Bank's internal operations, staffing requirements, board and management information systems and policies and procedures for their adequacy and contribution to the accomplishment of the goals and objectives developed under (1)(c) of this Article II;

f. a management employment and succession program to promote the retention and continuity of capable management;

g. product line development and market segments that the Bank intends to promote or develop;

h. an action plan to improve bank earnings and accomplish identified strategic goals and objectives, including individual responsibilities, accountability and specific time frames;

i. a financial forecast to include projections for major balance sheet and income statement accounts and desired financial ratios over the period covered by the strategic plan; assumptions made in the financial forecast shall be detailed as part of the plan;

j. control systems to mitigate risks associated with planned new products, growth, or any proposed changes in the Bank's operating environment;

k. specific plans to establish responsibilities and accountability for the strategic planning process, new products, growth goals, or proposed changes in the Bank's operating environment; and

l. systems to monitor the Bank’s progress in meeting the plan’s goals and objectives.

(2) Upon adoption, a copy of the plan shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the strategic plan..

(3) The Bank may not deviate significantly from the Board-approved Strategic Plan without a written determination of no supervisory objection from the Assistant Deputy Comptroller. The Board must give the Assistant Deputy Comptroller advance, written notice of its intent to deviate significantly from the Strategic Plan, along with an assessment of the impact of such change on the Bank's condition, including a profitability analysis and an evaluation of the adequacy of the Bank's organizational structure, staffing, management information systems, internal controls, and written policies and procedures to identify, measure, monitor, and control the risks associated with the change in the Strategic Plan.

(4) For the purposes of this Article II, changes that may constitute a significant deviation from the Strategic Plan include, but are not limited to, a change in the Bank’s (a) marketing strategies, (b) marketing partners, (c) underwriting practices and standards, (d) credit administration, (e) account management, (f) collection strategies or operations, (g) fee structure or pricing, (h) accounting processes and practices, or (i) funding strategy, any of which, alone or in aggregate, may have a material impact on the Bank’s operations or financial performance; or any other changes in personnel, operations, or external factors that may have a material impact on the Bank's operations or financial performance.

ARTICLE III

PROFIT PLAN

(1) Within one hundred and twenty (120) days from the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written profit plan to improve and sustain the earnings of the Bank. This plan shall include, at minimum, the following elements:

a. identification of the major areas in and means by which the Board will seek to improve the Bank's operating performance;

b. realistic and comprehensive budgets, including projected balance sheets and year-end income statements;

c. a budget review process to monitor both the Bank's income and expenses, and to compare actual figures with budgetary projections; and

d. a description of the operating assumptions that form the basis for major projected income and expense components.

(2) The budgets and related documents required in paragraph (1)(b) above for 2008 shall be submitted to the Assistant Deputy Comptroller upon completion. The Board shall submit to the Assistant Deputy Comptroller annual budgets as described in paragraph (1)(b) above for each year this Formal Agreement remains in effect. The budget for each calendar year shall be submitted on or before November 30, of the preceding calendar year.

(3) The Board shall forward comparisons of its balance sheet and profit and loss statement to the profit plan projections to the Assistant Deputy Comptroller on a quarterly basis.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the plan developed pursuant to this Article III.

ARTICLE IV

CAPITAL PLAN AND HIGHER MINIMUMS

(1) The Bank shall achieve by December 31, 2008 and thereafter during the term of this Agreement shall maintain the following capital levels (as defined in 12 C.F.R. Part 3), calculated as of the end of each calendar quarter:

a. Tier 1 Leverage Capital at least equal to nine percent (9%) of actual average total assets;

b. Total Risk-Based Capital at least equal to twelve percent (12%) of Risk Weighted Assets.[1]

(2) The requirement in this Agreement to meet and maintain a specific capital level means that the Bank may not be deemed to be "well capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 6 pursuant to 12 C.F.R. § 6.4(b)(1)(iv).

(3) Within ninety (90) days from the date of this Agreement, the Board shall develop and implement, and by December 31, 2008, the Bank will adhere to a three year capital program. The program shall include:

a. specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph (1);

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[1] Adjusted total assets is defined in 12 C.F.R. § 3.2(a) as the average total asset figure used for Call Report purposes minus end-of-quarter intangible assets.

b. projections for growth and capital requirements based upon a detailed analysis of the Bank's assets, liabilities, earnings, fixed assets, and off-balance sheet activities;

c. projections of the sources and timing of additional capital to meet the Bank's current and future needs;

d. the primary source(s) from which the Bank will strengthen its capital structure to meet the Bank's needs;

e. contingency plans that identify alternative methods should the primary source(s) under (d) above not be available; and

f. a dividend policy that permits the declaration of a dividend only:

(i) when the Bank is in compliance with its approved capital program;

(ii) when the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and

(iii) with the prior written determination of no supervisory objection by the Assistant Deputy Comptroller. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the dividend policy.

(4) Upon completion, the Bank's capital program shall be submitted to the Assistant Deputy Comptroller for prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the capital program. The Board shall review and update the Bank's capital program on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the Assistant Deputy Comptroller.

(5) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article IV.

(6) If the OCC determines, pursuant to this Agreement, that the Bank has failed to submit an acceptable capital program as required by paragraph (3) of this Article, or fails to implement or adhere to a capital program for which the OCC has taken no supervisory objection pursuant to paragraph (4) of this Article, then within ninety (90) days of receiving written notice from the OCC of such fact, the Bank shall develop and shall submit to the OCC for its review and prior determination of no supervisory objection a capital contingency plan, which shall detail the Board's proposal to raise capital, and sell or merge the Bank, or liquidate the Bank under 12 U.S.C. § 181. After the OCC has advised the Bank that it does not take supervisory objection to the capital contingency plan, the Board shall immediately implement, and shall thereafter ensure adherence to, the terms of the contingency plan. Failure to submit a timely, acceptable contingency plan may be deemed a violation of this Agreement, in the exercise of the OCC's sole discretion.

ARTICLE V

STAFFING PLAN

(1) Within thirty (30) days of the completion of the Bank's strategic plan, the Board shall develop a staffing plan that is consistent with the goals and objectives established in the Bank's strategic plan and that accomplishes the overall risk profile established for the Bank. At a minimum, the plan will consist of the following:

a. identification of the skills and expertise needed to develop, market, and administer the products identified in the strategic plan;

b. identification of the skills and expertise of the Bank's current staff; and

c. comparison of the current staff's skills and expertise identified in (1)(b) of this Article V to the skills and expertise identified in (1)(a) of this Article V as necessary to develop, market, and administer the products that will be utilized in accomplishing the Bank's goals and objectives.

(2) Within ninety (90) days of the development of the staffing plan, the Board will implement the plan and direct any changes necessary to provide the Bank with a staff that possesses the skills and expertise identified in (1)(a) of this Article V. Thereafter the Board will ensure that the Bank adheres to the staffing plan.

(3) Upon completion of the actions required by (1) and (2), the Board will provide a copy of its staffing plan to the Assistant Deputy Comptroller for review.

ARTICLE VI

CREDIT RISK MANAGEMENT

(1) Within sixty (60) days from the date of this Agreement, the Board shall develop, implement, and thereafter ensure Bank adherence to a written program to reduce the high level of credit risk in the Bank. The program shall include, but not be limited to:

a. procedures to strengthen credit underwriting, including addressing the criteria in Article VII;

b. procedures to ensure maintenance and analysis of current financial information on borrowers;

c. procedures to ensure maintenance of current and perfected liens on collateral;

d. a system to identify, measure, monitor and control the number and level of policy, credit and collateral exceptions;

e. procedures to ensure early problem loan identification and timely and accurate loan risk ratings based on lending officer submissions;

f. procedures for strengthening collections, to include follow-up efforts that are systematically and progressively stronger;

g. procedures that limit the type and size of loans that may be made by loan officers without prior approval by the Board or a committee established by the Board;

h. procedures to ensure the adequacy of internal management information systems, including, but not limited to those for identifying, measuring, monitoring and controlling concentrations of credit;

(2) The Board shall submit a copy of the program to the Assistant Deputy Comptroller for review and prior determination of no supervisory objection. After the Assistant Deputy Comptroller has advised the Board in writing that there are no supervisory objections to the credit risk management program, the Bank shall implement and adhere to the credit risk management program.

ARTICLE VII

LOAN UNDERWRITING

(1) Effective immediately, the Bank may grant, extend, renew, alter or restructure any loan or other extension of credit over $75,000 only after:

a. structuring repayment terms to coincide with the source of repayment;

b. performing a written assessment of:

(i) the specific purpose and terms for the credit;

(ii) the primary and secondary sources of repayment;

(iii) the borrower’s current and historic cash flow, profitability, and global debt service capability;

(iv) the borrower’s current and historic solvency and liquidity;

(v) the assigned risk rating and support for that rating;

(vi) loan pricing considerations; and

(vii) compliance with applicable law and Bank policy.

c. assessing and documenting, with adequate supporting material, the value of collateral and properly perfecting the Bank's lien on it where applicable.

(2) Failure to obtain the information in (1)(a), (b) and (c) shall require a majority of the full Board (or a delegated committee thereof) to certify in writing the specific reasons why obtaining and analyzing the information in (1)(a), (b) and (c) would be detrimental to the best interests of the Bank. A copy of the Board certification shall be maintained in the credit file of the affected borrower(s). The certification will be reviewed by this Office in subsequent examinations of the Bank.

ARTICLE VIII

PARTICIPATIONS PURCHASED

(1) Effective immediately, the Bank may grant, purchase, assume or acquire in any manner, directly or indirectly, or as a fiduciary or nominee, any loan, loan participation, loan obligation or other asset, as long as such grant, purchase, assumption, or acquisition is consistent

with safe and sound banking practices, the guidelines set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34.

ARTICLE IX

CREDIT AND COLLATERAL EXCEPTIONS

(1) Within ninety (90) days from the date of this Agreement, the Board shall obtain current and satisfactory credit information on all loans lacking such information, including those listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners.

(2) Within ninety (90) days from the date of this Agreement, the Board shall ensure proper collateral documentation is maintained on all loans and correct each collateral exception listed in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any listings of loans lacking such information provided to management by the National Bank Examiners.

ARTICLE X

CRITICIZED ASSETS

(1) The Bank shall take immediate and continuing action to protect its interest in those assets criticized in the ROE, in any subsequent Report of Examination, by internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination.

(2) Within sixty (60) days from the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written program designed to eliminate the

basis of criticism of assets criticized in the ROE, in any subsequent Report of Examination, or by any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination as "doubtful," "substandard," or "special mention." This program shall include, at a minimum:

a. an identification of the expected sources of repayment;

b. the appraised value of supporting collateral and the position of the Bank's lien on such collateral where applicable;

c. an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations; and

d. the proposed action to eliminate the basis of criticism and the time frame for its accomplishment.

(3) Upon adoption, a copy of the program for all criticized assets equal to or exceeding one hundred thousand dollars ($100,000) shall be forwarded to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article X.

(5) The Board, or a designated committee, shall conduct a review, on at least a monthly basis, to determine:

a. the status of each criticized asset or criticized portion thereof that equals or exceeds one hundred thousand dollars ($100,000);

b. management's adherence to the program adopted pursuant to this Article X;

c. the status and effectiveness of the written program; and

d. the need to revise the program or take alternative action.

(6) A copy of each review shall be forwarded to the Assistant Deputy Comptroller on a quarterly basis in a format similar to Appendix One attached hereto.

(7) The Bank may extend credit, directly or indirectly, including renewals, extensions or capitalization of accrued interest, to a borrower whose loans or other extensions of credit are criticized in the ROE, in any subsequent Report of Examination, in any internal or external loan review, or in any list provided to management by the National Bank Examiners during any examination and whose aggregate loans or other extensions exceed one hundred thousand ($100,000) only if each of the following conditions is met:

a. the Board or designated committee finds that the extension of additional credit is necessary to promote the best interests of the Bank and that prior to renewing, extending or capitalizing any additional credit, a majority of the full Board (or designated committee) approves the credit extension and records, in writing, why such extension is necessary to promote the best interests of the Bank; and

b. a comparison to the written program adopted pursuant to this Article shows that the Board's formal plan to collect or strengthen the criticized asset will not be compromised.

c. A copy of the approval of the Board or of the designated committee shall be maintained in the file of the affected borrower.

ARTICLE XI

LOAN REVIEW CONSULTANT

(1) Within ninety (90) days from the date of this Agreement, the Board shall identify and seek to employ a qualified consultant to perform an ongoing asset quality review of the Bank and the Board shall submit the name and qualifications of the proposed consultant and the proposed terms of employment to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board may retain such individual. The Board may not enter into any contract with any such consultant without first receiving the written determination of no supervisory objection.

(2) Before terminating the consultant's asset quality review services, the Board shall both certify the effectiveness of the internal asset quality review system, and receive prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

(3) The requirement to submit information and the provisions for prior written determination of no supervisory objection in this Article XI are based on the authority of 12 U.S.C. § 1818(b) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his review and act on any such information or authority within ninety (90) days.

ARTICLE XII

ALLOWANCE FOR LOAN AND LEASE LOSSES

(1) The Board shall review the adequacy of the Bank's Allowance for Loan and Lease Losses (“Allowance”) and shall establish a program for the maintenance of an appropriate Allowance balance. This review and program shall be designed in light of the comments on maintaining the Allowance in conformance with OCC Bulletin #2006-47 – “Allowance for Loan

and Lease Losses (ALLL): Guidance and Frequently Asked Questions on the ALLL", and shall focus particular attention on the following factors:

a. loans considered to be impaired under Statement of Financial Accounting Standard (FAS) #114 including an analysis of each loan with documentation of the impairment;

b. identification of homogenous pools of loans for analysis under FAS #5;

c. loan loss experience;

d. trends of delinquent and nonaccrual loans;

e. concentrations of credit;

f. present and prospective economic conditions; and

g. staffing levels, adequacy of policies, and any other factor impacting the level of credit risk in the loan portfolio.

(2) The program shall provide for a review of the Allowance by the Board at least once each calendar quarter. Any deficiency in the Allowance shall be remedied in the quarter it is discovered, prior to the filing of the Consolidated Reports of Condition and Income, by additional provisions from earnings. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the Allowance.

(3) A copy of the Bank's quarterly Allowance shall be submitted to the Assistant Deputy Comptroller.

(4) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article XII.

ARTICLE XIII

INTERNAL AUDIT

(1) Within one hundred twenty days (120) days from the date of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to an independent, internal audit program sufficient to:

a. detect irregularities and weak practices in the Bank's operations;

b. determine the Bank's level of compliance with all applicable laws, rules and regulations;

c. assess and report the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;

d. evaluate the Bank's adherence to established policies and procedures;

e. adequately cover all significant areas of the Bank’s operations; and

f. establish an annual audit plan using a risk based approach sufficient to achieve these objectives.

(2) As part of this audit program, the Board shall evaluate the audit reports of any party providing services to the Bank, and shall assess the impact on the Bank of any audit deficiencies cited in such reports.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this Article XIII.

(4) The Board shall ensure that the audit function is supported by an adequately staffed department or outside firm, with respect to both the experience level and number of the individuals employed.

(5) The Board shall ensure that the audit program is independent. The persons responsible for implementing the internal audit program described above shall report directly to the Board, which shall have the sole power to direct their activities. All reports prepared by the audit staff shall be filed directly with the Board and not through any intervening party.

(6) All audit reports shall be in writing. The Board shall ensure that immediate actions are undertaken to remedy deficiencies cited in audit reports, and that auditors maintain a written record describing those actions.

(7) The audit staff shall have access to any records necessary for the proper conduct of its activities. National bank examiners shall have access to all reports and work papers of the audit staff and any other parties working on its behalf.

(8) Upon adoption, a copy of the internal audit program shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the internal audit program.

ARTICLE XIV

CONSUMER COMPLIANCE PROGRAM

(1) Within one hundred twenty (120) days from the date of this Agreement, the Board shall adopt, implement, and thereafter ensure adherence to a written consumer compliance program designed to ensure that the Bank is operating in compliance with all applicable consumer protection laws, rules and regulations. This program shall include, but not be limited to:

a. a written description of the duties and responsibilities of the compliance officer;

b. adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;

c. the preparation of a policies and procedures manual covering all consumer protection laws, rules and regulations for use by appropriate Bank personnel in the performance of their duties and responsibilities;

d. semiannual updates of the written policies and procedures manual to ensure it remains current;

e. an audit program to test for compliance with consumer protection laws, rules and regulations;

f. procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;

g. the education and training of all appropriate Bank personnel in the requirements of all federal and state consumer protection laws, rules and regulations; and

h. periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(2) Upon adoption, a copy of the program shall be forwarded to the Assistant Deputy Comptroller for review and prior written determination of no supervisory objection. Upon receiving a determination of no supervisory objection from the Assistant Deputy Comptroller, the Bank shall implement and adhere to the consumer compliance program.

(3) The Board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the Consumer Compliance Program developed pursuant to this Article XIV.

ARTICLE XV

ASSET/LIABILITY MANAGEMENT POLICY

(1) Within sixty (60) days from the date of this Agreement, the Board shall review and revise, and thereafter ensure adherence to, the Bank's written liquidity, asset and liability management policy (the "Asset/Liability Management Policy"). In revising the Asset/Liability Management Policy, the Board shall refer to the Comptroller's Handbook for Liquidity. The Asset/Liability Management Policy shall provide for a coordinated asset/liability management strategy and, at a minimum, address:

a. adequate management reports that enable the Board and management to monitor the Bank's liquidity position and maintain liquidity at an adequate level, including but not limited to a monthly sources and uses of funds report that projects sources and uses of funds for the next 90 days;
b. development of a contingency funding plan;
c. limits on concentrations of funding sources;
d. parameters defining the Board's tolerance for liquidity risk; and
e. periodic review of the Bank's adherence to the policy.

(2) Upon adoption, a copy of the Asset/Liability Management Policy shall be forwarded to the Assistant Deputy Comptroller for review. Sources and uses of funds reports will be forwarded to the Assistant Deputy Comptroller on a quarterly basis as part of the quarterly progress reports to be delivered under Article XVII hereof.

ARTICLE XVI

INFORMATION TECHNOLOGY

(1) The Board shall immediately take all steps necessary to improve the management of the Bank's Information Technology ("IT") activities and to correct each deficiency cited in the Report of Examination or any supervisory communication.

(2) Within ninety days (90) days from the date of this Agreement, the Board shall ensure that the information technology manager has the necessary skills and experience to supervise effectively the IT area.

(3) Within one hundred twenty (120) days from the date of this Agreement, the Board shall develop, implement, and thereafter adhere to a written, well-documented, risk-based, internal information technology audit program. At a minimum, the IT audit program shall be performed by an independent and qualified party, and shall include fundamental elements of a sound audit program as described in the "Audit" booklet of the FFIEC Information Technology Examination Handbook.

(4) Within one hundred twenty (120) days from the date of this Agreement, the Board shall develop, implement, and thereafter ensure adherence to a comprehensive, written information security program to ensure the safety and soundness of its operations and to support the Bank's efforts to comply with 12 C.F.R. Part 30, Appendix B, Safeguarding Customer Information. The information security program shall include administrative, technical, and physical safeguards to protect the security, confidentiality, and integrity of customer information. The information security program shall be consistent with the security process described in the "Information Security" booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the information security program shall include:

(a) a corporate-wide assessment of the risks to its customer information or customer information systems and a written report evidencing such assessment. The assessment shall include:

(i) the identification of reasonably foreseeable internal and external threats that could result in unauthorized disclosure, misuse, alteration, or destruction of customer information or customer information systems;

(ii) an assessment of the likelihood and potential damage of these threats, taking into consideration the sensitivity of customer information; and

(iii) an assessment of the sufficiency of policies, procedures, customer information systems, and other arrangements in place to control risks.

(b) a process to monitor and control the identified risks, commensurate with the sensitivity of the information as well as the complexity and scope of bank activities;

(c) a test plan that provides for regular testing of key controls, systems and procedures of its information security program. The frequency and nature of such tests shall be determined by the risk assessment. Such tests shall be conducted or reviewed by independent third parties or staff independent of those who develop or maintain the information security program.

(5) Within one hundred twenty (120) days from the date of this Agreement, the Board shall develop and implement, and thereafter shall ensure that the Bank adheres to, a written

program to oversee and manage risks associated with outsourcing technology services to third party servicers, including technology service providers and vendors. This third party management program shall be consistent with OCC Bulletin 2001-47, "Third Party Relationships," dated November 1, 2001, the "Outsourcing Technology Services" section of the FFIEC Information Technology Examination Handbook, and OCC Advisory Letter 2000-12, "Risk Management of Outsourcing Technology Services" dated November 28, 2000.

(6) Within one hundred twenty (120) days from the date of this Agreement, the Board shall develop and implement a formal enterprise-wide business continuity process that complies with the requirements set forth in the "Business Continuity Planning" booklet of the FFIEC Information Technology Examination Handbook. At a minimum, the business continuity process shall include:

(a) a risk management process that includes the development of a written, enterprise-wide business continuity plan (BCP); and

(b) a risk monitoring process that includes:

(i) testing of the BCP on at least an annual basis;

(ii) independent audit and review of the BCP; and

(iii) updating the BCP based upon changes to personnel and the internal and external environments.

ARTICLE XVII

PROGRESS REPORTING - QUARTERLY

(1) The Board shall submit quarterly progress reports to the Assistant Deputy Comptroller. These reports shall set forth in detail:

a. actions taken since the prior progress report to comply with each Article of the Agreement;

b. results of those actions; and

c. a description of the actions needed to achieve full compliance with each Article of this Agreement.

(2) The progress reports shall also include any actions initiated by the Board and the Bank pursuant to the criticisms and comments in the Report of Examination or in any future Report of Examination.

(3) The first progress report shall be submitted for the period ending September 30, 2008 and will be due within ten (10) business days of that date. Thereafter, progress reports for each calendar quarter will be due within ten (10) business days after the last day of each calendar quarter.

ARTICLE XVIII

CLOSING

(1) Although the Board has agreed to submit certain programs and reports to the Assistant Deputy Comptroller for review or prior written determination of no supervisory objection, the Board has the ultimate responsibility for proper and sound management of the Bank.

(2) It is expressly and clearly understood that if, at any time, the Comptroller deems it appropriate in fulfilling the responsibilities placed upon him by the several laws of the United States of America to undertake any action affecting the Bank, nothing in this Agreement shall in any way inhibit, estop, bar, or otherwise prevent the Comptroller from so doing.

(3) Any time limitations imposed by this Agreement shall begin to run from the effective date of this Agreement. Such time requirements may be extended in writing by the Assistant Deputy Comptroller for good cause upon written application by the Board.

(4) The provisions of this Agreement shall be effective upon execution by the parties hereto and its provisions shall continue in full force and effect unless or until such provisions are amended in writing by mutual consent of the parties to the Agreement or excepted, waived, or terminated in writing by the Comptroller.

(5) In each instance in this Agreement in which the Board is required to ensure adherence to, and undertake to perform certain obligations of the Bank, it is intended to mean that the Board shall:

a. authorize and adopt such actions on behalf of the Bank as may be necessary for the Bank to perform its obligations and undertakings under the terms of this Agreement;

b. require the timely reporting by Bank management of such actions directed by the Board to be taken under the terms of this Agreement;

c. follow-up on any non-compliance with such actions in a timely and appropriate manner; and

d. require corrective action be taken in a timely manner of any non-compliance with such actions.

(6) This Agreement is intended to be, and shall be construed to be, a supervisory “written agreement entered into with the agency” as contemplated by 12 U.S.C. § 1818(b)(1), and expressly does not form, and may not be construed to form, a contract binding on the Comptroller or the United States. Notwithstanding the absence of mutuality of obligation, or of

consideration, or of a contract, the Comptroller may enforce any of the commitments or obligations herein undertaken by the Bank under his supervisory powers, including 12 U.S.C. § 1818(b)(1), and not as a matter of contract law. The Bank expressly acknowledges that neither the Bank nor the Comptroller has any intention to enter into a contract. The Bank also expressly acknowledges that no officer or employee of the Office of the Comptroller of the Currency has statutory or other authority to bind the United States, the U.S. Treasury Department, the Comptroller, or any other federal bank regulatory agency or entity, or any officer or employee of any of those entities to a contract affecting the Comptroller's exercise of his supervisory responsibilities. The terms of this Agreement, including this paragraph, are not subject to amendment or modification by any extraneous expression, prior agreements or prior arrangements between the parties, whether oral or written.

IN TESTIMONY WHEREOF, the undersigned, authorized by the Comptroller, has hereunto set his hand on behalf of the Comptroller.

/S/	8-14-08
Mark R. Holder Assistant Deputy Comptroller Fort Worth Field Office	Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of the Bank, have hereunto set their hands on behalf of the Bank.

/S/	7/25/08
Alvin Fisher	Date
/S/	7/25/08
Robert Lowrimore	Date
/S/	7/24/08
Russ Minton	Date
/S/	7/25/08
Van D. Sparkman	Date
/S/	7/25/08
W. Weldon Tabor	Date