

UNITED STATES OF AMERICA  
DEPARTMENT OF THE TREASURY  
OFFICE OF THE COMPTROLLER OF THE CURRENCY

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**IN THE MATTER OF:** ) AA-EC-13-63  
)  
FIRST NATIONAL BANK )  
EDINBURG, TEXAS )

**PROMPT CORRECTIVE ACTION DIRECTIVE**

WHEREAS, First National Bank, Edinburg, Texas (“Bank”) became a “critically undercapitalized” bank pursuant to 12 U.S.C. § 1831o and 12 C.F.R. Part 6 as of July 30, 2013; and

WHEREAS, the Office of the Comptroller of the Currency (“OCC”) is authorized, pursuant to 12 U.S.C. §§ 1831o(e) and (f), to take certain supervisory actions against critically undercapitalized banks; and

WHEREAS, the Comptroller finds it necessary in order to carry out the purpose of 12 U.S.C. § 1831o to issue this Prompt Corrective Action Directive (“Directive”), requiring the Bank to immediately follow proscriptions and take actions; and

NOW THEREFORE, pursuant to the authority in 12 U.S.C. § 1831o, the Comptroller hereby issues this Directive.

ARTICLE I

**JURISDICTION**

(1) The Bank is a national banking association chartered and examined by the Comptroller pursuant to the National Bank Act of 1864, as amended, 12 U.S.C. § 1, *et seq.*

(2) The Office of the Comptroller of the Currency is “the appropriate Federal banking agency” regarding the Bank, pursuant to 12 U.S.C. §§ 1813(q) and 1831o.

(3) The Bank is an “insured depository institution” within the meaning of 12 U.S.C. § 1831o.

(4) This Directive constitutes a final order under 12 U.S.C. § 1831o and is enforceable under 12 U.S.C. § 1818(i).

(5) A violation of this Directive constitutes a violation of a final order under § 1831o and is subject to the assessment of civil money penalties under 12 U.S.C. § 1818(i)(2)(A).

## **ARTICLE II**

### **PRESERVATION OF ASSETS**

(1) Effective immediately upon issuance of this Directive, the Bank shall take immediate and continuing action to protect its assets, including the preservation of collateral and guarantees on all loans and extensions of credit.

(2) The Bank shall not release or modify any collateral or guaranty position on any loan or extension of credit.

(3) The Bank shall not finance the sale of Other Real Estate Owned (“OREO”), as described in 12 C.F.R. § 34.81(e). On an exception basis, the Bank may submit a request for a prior written determination of no supervisory objection to the OCC to finance the sale of OREO. The request to finance the sale of OREO must contain the same Board certification required for a “permitted loan” under paragraph (5) below.

(3) The Bank shall not make, extend, renew, modify or commit to make, extend, renew, or modify any loan or extension of credit, as defined in 12 C.F.R. § 32.2(k), except for a “permitted loan,” as defined below.

(4) A “permitted loan” includes:

(a) An advance of funds under a legally binding written commitment existing prior to July 31, 2013, provided that such commitment complied with the Bank’s lending limit in 12 C.F.R. § 32 and all other applicable regulatory requirements at the date of the commitment;

(b) Owner-occupied, conforming one- to four-family mortgage loans, provided that the loan does not exceed the lending limit set forth in 12 C.F.R. § 32 and the loan complies with all applicable regulatory requirements;

(c) Secured consumer loans below \$25,000, provided that the loan does not exceed the lending limit set forth in 12 C.F.R. § 32 and the loan complies with all applicable regulatory requirements; and

(d) Loans that are fully secured by segregated deposit accounts, provided that the Bank has a security interest in the deposit perfected under applicable law and the loan complies with all applicable regulatory requirements.

(5) With regard to any “permitted loan,” the Board must document its analysis and make the following written certifications:

(a) That the extension of credit is in the best interest of the Bank based on a current and documented credit analysis;

(b) That the extension of credit complies with each applicable Article of the January 18, 2012 Order to Cease and Desist (“January 2012 Consent Order”) imposed on the Bank;

(c) That the extension of credit fully complies with comprehensive Board approved, prudent lending policies and procedures; and

(d) That the extension of credit complies with applicable law, regulation, regulatory guidance, generally accepted accounting principles (“GAAP”) and any other safe or sound lending practices.

(6) The signed analysis and written certification in paragraph (5) above must be included as part of the minutes of the meeting of the Board, with a copy sent to the OCC immediately and retained in the borrower’s credit file.

### **ARTICLE III**

#### **PRESERVATION OF BOOKS AND RECORDS**

(1) The Board shall immediately ensure that all of the Bank’s books and records are accurately maintained and preserved on the premises of the Bank and that no Bank documents, books, or records are destroyed, altered, or removed from the Bank’s premises until further written notice from the Director for Special Supervision (“Director”), except that such documents, books, and records may be altered and amended, in the course of ordinary Bank business, in order to record the taking and withdrawals of deposits, and the making of loans, the receiving of loan payments, along with the recording of other ordinary Bank business.

(2) For purposes of this Article, “documents, books, or records” shall have the broadest possible meaning reasonably imaginable and shall include, without limitation, paper

and electronic records of all kinds, reports, notes, calendars, phone logs, e-mails, voice-mails, financial instruments, and tapes.

(3) The Board shall also take action to ensure that it maintains in its possession accurate and complete information concerning the books and records of any Bank affiliates or agents, and that such information is sufficient and adequate for the Bank to carry out its activities and monitor operations.

(4) The Bank shall provide OCC personnel with prompt and unrestricted access to the documents, books, records, Directors, officers, and staff of the Bank.

(5) The Bank shall provide full and complete details of the purpose of the transactions by and between the Bank and any of its customers and by and between the Bank and any of its Directors, officers, and staff, to OCC personnel upon inquiry.

#### **ARTICLE IV**

##### **OTHER ACTIONS REQUIRED**

(1) Immediately upon issuance of this Directive, the Bank shall not do any of the following without the prior, written approval of the Bank's Board and the Director's prior, written, supervisory non-objection:

- (a) enter into any transaction other than in the usual course of business, including any investment, expansion, acquisition, or other similar action;
- (b) engage in the sale or transfer of any Bank asset or pool of assets exceeding a fair market value of one hundred thousand dollars (\$100,000). Any asset sale or transfer less than \$100,000 should be reported to the OCC after the sale;

- (c) transfer any asset to the holding company or other affiliated party or person;
- (d) engage in any transaction for the transfer of funds, the extension of credit, the acceptance or transference of risk, and/or the conferring of another type of benefit, directly or indirectly, involving any Bank affiliates, as defined in 12 U.S.C. § 371(c), or current or former Bank directors, shareholders, senior executive officers, or their respective family members;
- (e) amend the Bank's charter or bylaws, except to the extent necessary to carry out any other requirement of law, regulation, or order;
- (f) make any change in accounting methods;
- (g) increase compensation or other payments, including bonuses, to any employee, agent or independent contractor; or
- (h) enter into any new product or service, or undertake a significant expansion of any existing product or service.

## **ARTICLE V**

### **CLOSING**

(1) This Directive is enforceable under 12 U.S.C. § 1818(i). Each provision of this Directive shall be binding upon the Bank, its directors, officers, employees, agents, successors, assigns, and other persons participating in the affairs of the Bank.

(2) The provisions of this Directive supplement, and do not replace, the requirements of the January 2012 Consent Order imposed on the Bank.

(3) The provisions of this Directive supplement, and do not replace, other requirements imposed by statute, regulation, or other regulatory requirements, including (but not limited to) restrictions placed on the Bank that require the FDIC's written approval.

(4) The provisions of this Directive are effective upon issuance of this Directive by the Comptroller, through his authorized representative whose hand appears below, and shall remain effective and enforceable, except to the extent that, and until such time as, any provisions of this Directive shall have been amended, suspended, waived, or terminated in writing by the Director.

(5) 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, or any institution-affiliated party of the Bank, nothing in this Directive shall in any way inhibit, estop, bar or otherwise prevent the Comptroller from so doing.

IT IS SO ORDERED, this 30th day of August, 2013.

/s/  
Henry Fleming  
Director  
Special Supervision Division  
Office of the Comptroller of the Currency