FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

In the Matter of	)	
CENTRAL PROGRESSIVE BANK LACOMBE, LA	)	ORDER TO CEASE AND DESIST
	)	FDIC-08-398b
(Insured State Nonmember Bank)	)	

Central Progressive Bank, Lacombe, Louisiana ("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 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") dated January 28, 2009, 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 laws and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

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

ORDER TO CEASE AND DESIST

IT IS ORDERED, that the Bank, its 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:

1. Operating the Bank with an inadequate level of capital protection for the kind and quality of assets held by the Bank.
2. Operating the Bank with inadequate earnings to fund growth, support dividend payments and augment capital.
3. Operating the Bank with an excessive level of adversely classified loans or assets.
4. Operating the Bank with an excessive level of delinquent and nonaccrual loans.
5. Operating the Bank without a viable strategic plan.
6. Creating concentrations of credit.
7. Operating the Bank with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits.
8. 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.
9. Operating the Bank in violation of applicable Federal and State laws and regulations.
10. Failing to adequately document business expenses.
11. Operating with excessive overhead costs.
12. Operating the Bank with a heavy reliance on short-term potentially volatile

deposits as a source for funding long-term investments.

13. Operating the Bank without adequate liquidity or proper regard for funds management in light of the Bank's asset and liability mix.

14. Operating the Bank with excessive levels of interest rate risk.

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

<u>BANK MANAGEMENT</u>

1. (a) The Bank shall have and retain qualified management. Each member of management shall possess qualifications and experience commensurate with his or her duties and responsibilities at the Bank. The qualifications of management personnel shall be evaluated on their ability to:

(1) Comply with the requirements of the ORDER;

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

(3) Comply with applicable laws and regulations; and

(4) Restore all aspects of the Bank to a safe and sound condition, including improving the Bank's asset quality, capital adequacy, earnings, management effectiveness, liquidity, and its sensitivity to market risk.

(b) While this ORDER is in effect, the Bank shall notify the Regional Director, FDIC Dallas Regional Office ("Regional Director") and the Commissioner for the Louisiana Office of Financial Institutions, Baton Rouge, Louisiana ("Commissioner") in writing of any changes in management. The notification must include the name(s) and background(s) of any replacement personnel and must be provided 60 days prior to the individual(s) assuming the new position(s).

MANAGEMENT CLAUSE – STAFFING STUDY

2. (a) Within 90 days after the effective date of this ORDER, 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, shall include:

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

(2) The responsibilities of the consultant;

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

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

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

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

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

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

(c) The Management Plan shall be developed within 90 days after the effective date of this ORDER. The Management Plan shall include, at a minimum:

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

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

(3) Evaluation of all Bank officers and staff members 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

(4) A plan to recruit and hire any additional or replacement personnel with the requisite ability, experience and other qualifications to fill those officer or staff member 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 Bank's board of directors' minutes. Thereafter, the Bank, its directors, officers, and employees shall implement and follow the Management Plan and/or any subsequent modification.

BOARD PARTICIPATION

3. Within 30 days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in the affairs of the Bank, assuming full responsibility for the approval of sound policies and objectives and for the supervision of all the Bank's activities, consistent with the role and expertise commonly expected for directors of banks of comparable size. This participation shall include meetings to be held no less frequently than monthly at which, at a minimum, the following areas shall be reviewed and approved: reports of income and expenses; new, overdue, renewal, insider, charged-off, delinquent, nonaccrual, and recovered loans; investment activity; operating policies; and individual committee actions. The Bank's board of directors' minutes shall document these reviews and approvals, including the names of any dissenting directors.

BUDGET AND PROFIT PLAN

4. (a) Within 60 days after the effective date of this ORDER, 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 year 2009. The plan 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 net interest income, and shall contain a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written profit plan shall address, at a minimum:

(1) An analysis of the Bank's pricing structure;

(2) Plans for reducing the Bank's cost of funds;

(3) An analysis of overhead expenses; and

(4) Plans for reducing discretionary expenses.

(c) In addition, the budget shall incorporate a written plan encompassing a review and control of the Bank's overhead expenses. This plan shall establish reasonable limitations on officers' and employees' salaries, bonuses, and discretionary expenses. The plan shall incorporate a specific discussion of the rationale employed in setting the level of compensation, including established or anticipated bonuses, afforded members of Bank management. Such compensation shall be based upon services actually performed and shall be comparable to fees paid by other financial institutions of similar size and characteristics.

(d) Within 30 days after the end of each calendar quarter following completion of the profit plan and budget 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 Bank's board of directors' meeting at which such evaluation is undertaken.

(e) 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 the Bank's board of directors' meetings. Thereafter, the Bank shall implement and follow the plan.

STRATEGIC PLAN

5. (a) Within 90 days after the effective date of this ORDER, the Bank shall

formulate and adopt a comprehensive business/strategic plan covering an operating period of at least three years. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms, intermediate goals and project plans, and long-range goals and project plans. In addition, the plan shall address, at a minimum:

(i) Strategies for pricing policies and asset/liability management;

(ii) The anticipated average maturity and average yield on loans and securities, the average maturity and average cost of deposits, the level of earning assets as a percentage of total assets, and the ratio of net interest income to average earning assets;

(iii) The dollar volume of total loans, total investment securities, and total deposits;

(iv) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) Goals for reducing problem loans;

(vi) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(vii) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings; and

(viii) Formulation of a mission statement and the development of a strategy to carry out that mission.

(c) The Bank shall submit the strategic plan to the Regional Director and the Commissioner for review and comment. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the Bank's board of directors. Thereafter, the Bank shall implement and follow the strategic plan.

CAPITAL MAINTENANCE

6. (a) Within 30 days after the effective date of this ORDER, and for so long thereafter as this ORDER is outstanding, the Bank shall achieve and maintain, after establishing an Allowance for Loan and Lease Losses, Tier 1 Capital equal to or greater than 9.25 percent of the Bank's average Total Assets; Tier 1 Risk-Based Capital equal to or greater than 10 percent of the Bank's Total Risk-Weighted Assets; and Total Risk-Based Capital equal to or greater than 12 percent of the Bank's average Total Risk-Weighted Assets.

(b) If such ratios are less than the minimums required by this provision as determined at an examination by the FDIC or the State, the Bank shall, within 30 days after receipt of a written notice of the capital deficiency from the Regional Director or the Commissioner, present to the Regional Director and the Commissioner a plan to increase the Tier 1 Capital of the Bank or to take other measures to bring Tier 1 Capital, Tier 1 Risk-Based Capital, and Total Risk-Based Capital to the minimum levels required by this provision. 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.

(c) Thereafter, to the extent such measures have not previously been initiated, the Bank shall immediately initiate measures detailed in the plan to increase Tier 1 Capital, Tier 1 Risk-Based Capital, and Total Risk-Based Capital to the minimum levels required by this provision within 60 days after the Regional Director and the Commissioner respond to the plan. Such increases in Tier 1 Capital, Tier 1 Risk-Based Capital, and Total Risk-Based Capital necessary to meet the ratios required by this ORDER may be accomplished by:

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

(2) The direct contribution of cash subsequent to August 11, 2008, by the directors and/or shareholders of the Bank or by the Bank's holding company; or

(3) The acceptance of an offer to be acquired by a depository institution holding company, subject to Federal and State regulatory approval; or

(4) The acceptance of an offer to be acquired by an FDIC insured depository institution, subject to Federal and State regulatory approval; or

(5) The acceptance of an offer to be acquired by a third party, subject to Federal and State regulatory approval; or

(6) Receipt of an income tax refund or the capitalization subsequent to August 11, 2008, of a bona fide tax refund certified as being accurate by a certified public accounting firm; or

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

(d) 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, 550 17th Street NW, 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.

(e) 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's 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.

(f) In addition, 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's Rules and Regulations, 12 C.F.R. Part 325, App. A.

(g) For purposes of this ORDER, all terms relating to capital shall be calculated according to the methodology set forth in Part 325 of the FDIC's Rules and Regulations, 12 C.F.R. Part 325.

CHARGE-OFF AND PLAN FOR REDUCTION OF CLASSIFIED ASSETS

7. (a) Within 30 days after the effective date of this ORDER, 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 August 11, 2008. 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) Within 30 days after the effective date of this ORDER, 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 August 11, 2008. The plan shall address each asset so classified with a balance of $250,000 or greater and provide the following:

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

(2) Type of asset;

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

(4) Timeframes for accomplishing the proposed actions.

The plan shall also include, at a minimum,

(1) Review of the financial position of each such borrower, including the source of repayment, repayment ability, and alternate repayment sources; and

(2) 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 August 11, 2008, Report of Examination, to a level not to exceed 125 percent of Tier 1 Capital plus the Allowance for Loan and Lease Losses as determined at the end of the 180-day period. In addition, within 270 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 August 11, 2008, Report of Examination, to a level not to exceed 100 percent of Tier 1 Capital plus the Allowance for Loan and Lease Losses as determined at the end of the 270-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. Within 30 days after receipt of 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 implement measures detailed in the plan to the extent such measures have not already been implemented.

(d) For purposes of the plan, the reduction of the level of adversely classified assets as of August 11, 2008, to a specified percentage of Tier 1 Capital plus the Allowance for Loan and Lease Losses may be accomplished by:

(1) Charge-off;

(2) Collection;

(3) Sufficient improvement in the quality of adversely classified assets so as to warrant removing any adverse classification, as determined by the FDIC and the State; or

(4) 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.

REDUCTION OF DELINQUENCIES AND NONACRUAL LOANS

8. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written plan for the reduction and collection of delinquent and nonaccrual loans. Such plan shall include, but not be limited to, provisions which:

(i) Prohibit the extension of credit for the payment of interest;

(ii) Delineate areas of responsibility for implementing and monitoring the Bank’s collection policies;

(iii) Establish specific collection procedures to be instituted at various stages of a borrower’s delinquency or nonaccrual status;

(iv) Establish dollar levels to which the Bank shall reduce delinquencies and nonaccrual loans within 30 days; and

(v) Provide for the submission of monthly written progress reports to the Bank's board of directors for review and notation in the minutes of the meetings of the Bank's board of directors.

(b) For purposes of the plan, "reduce" means to:

(i) Charge-off; or

(ii) Collect.

(c) After the Regional Director and the Commissioner have responded to the plan, the Bank's board of directors shall adopt the plan as amended or modified by the Regional Director and the Commissioner. The plan shall be implemented immediately to the extent that the provisions of the plan are not already in effect at the Bank.

CORRECTION OF VIOLATIONS

9. (a) Within 30 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws and regulations noted in the August 11, 2008, Report of Examination.

(b) Within 30 days after the effective date of this ORDER, the Bank shall implement procedures to ensure future compliance with all applicable laws and regulations.

DIVIDEND RESTRICTION

10. As of the effective date of this ORDER, the Bank shall not declare or pay any cash dividend without the prior written consent of the Regional Director and the Commissioner.

LIQUIDITY, FUNDS MANAGEMENT, INTEREST RATE RISK, AND SENSITIVITY

11. (a) Within 90 days after the effective date of this ORDER, the Bank shall

review its written funds management policies and plans, and amend each as necessary. The Bank shall submit the policies and plans, and any future modifications, to the Regional Director and the Commissioner for review and comment. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised policies and plans, which approval shall be recorded in the Bank's board of directors' minutes. Thereafter, the Bank shall implement and fully comply with the policies and plans. Annually or more frequently thereafter, while this ORDER is in effect, the Bank shall review this policy for adequacy and, based upon the above criteria, shall make necessary revisions to the policy. Quarterly or more frequently thereafter, while this ORDER is in effect, the Bank shall review the plan for adequacy and, based upon the above criteria, shall make necessary revisions to the plan. The Bank shall provide the Regional Director and the Commissioner with a copy of the Bank's review of each quarterly report at the time it submits the Progress Reports required by paragraph 17 of this ORDER. At a minimum, the policies and plan shall:

(1) Provide for the establishment of an asset/liability committee and define its membership, responsibilities and authorities, minimum frequency of meetings, reporting from management, and reporting to the Bank's board of directors;

(2) Identify personnel responsible for the funds management functions within the Bank;

(3) Provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

(4) Provide for a periodic review of the Bank's deposit structure,

including the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, and any other information needed;

(5) Establish target liquidity and dependency ratios and/or parameters;

(6) Provide for a periodic calculation to measure the liquidity posture; review performance with established liquidity ratio target; and review compliance with required legal reserves;

(7) Provide for a periodic calculation to determine the extent to which the Bank is funding long-term assets with short-term liabilities;

(8) Establish parameters for use, volume, and maturities of brokered deposits, deposits obtained through solicitation services, and borrowings;

(9) Establish limits for the Bank's ratio of total loans to total assets; and

(10) Establish limits in short- and long-term borrowing by the Bank.

(b) Further, the plan shall:

(1) Address coordination among the Bank's loan, investment, operating, and budget and profit planning policies with the written funds management policy;

(2) Provide a method of computing the Bank's cost of funds;

(3) Provide a method of loan pricing that considers cost of funds, overhead and administrative costs, and desired profits;

(4) Determine when to use fixed rates and when to use floating rates;

(5) In conjunction with the Bank's lending activities, determine which types of loans are permitted and desirable, the desired mix among different types of loans, the volume of loans compared to total deposits and total loans, upcoming loan maturities, and outstanding loan commitments;

(6) Review possible alternative sources of funds and address their use;

(7) Establish lines of credit and test accessibility on a periodic basis, but no less frequently than annually;

(8) Provide for tax planning; and

(9) Establish contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs.

VOLATILE LIABILITIES

12. (a) Upon the effective date of this ORDER, and so long as this ORDER is in effect, the Bank shall give written notice to the Regional Director and the Commissioner any time the Bank plans to increase its use of volatile liabilities. For purposes of this ORDER, volatile liabilities include deposit funds solicited via a third-party rate service of any kind; brokered deposits, as that term is defined by section 337.6(a)(2) of the FDIC's Rules and Regulations; and borrowings. The notification shall indicate how the funds are to be utilized, with specific reference to credit quality of investments/loans and the effect on the Bank's funds position and asset/liability matching. The notification shall also be submitted to the Regional

Director and the Commissioner no less than 60 days prior to the anticipated date of implementation. Within 30 days after receipt of any comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the Bank's board of directors' minutes. Thereafter, the Bank shall implement and fully comply with the plan.

(b) Within 90 days after the effective date of this ORDER, the Bank shall develop and submit a written plan to the Regional Director and the Commissioner for systematically reducing and monitoring the Bank's reliance on volatile liabilities. At a minimum, the plan shall include: timeframes for reductions of each volatile liability to a specific dollar amount; specific action plans for achieving those targets; and a schedule projecting on a quarterly basis the expected volume of volatile liabilities. Within 30 days after receipt of any comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the written plan, which approval shall be recorded in the Bank's board of directors' minutes. Thereafter, the Bank shall implement and fully comply with the plan.

POLICY FOR REIMBURSEMENT OF INSIDERS' EXPENSES

13. (a) Within 60 days after the effective date of this ORDER, the Bank shall formulate and submit to the Regional Director and the Commissioner for review and comment a written policy covering expense reimbursements to its directors, officers, and employees. At a minimum, the policy shall include:

(1) Provisions which specify reasonable limitations for all categories of expenses related to customer entertainment and business development;

(2) Provisions which require complete documentation of all expenses related to customer entertainment and business development prior to Bank reimbursement. At a minimum, the Bank shall require the submission of original receipt(s), identification of the person(s) entertained, and the business purpose of the expense; and

(3) Provisions which prohibit the reimbursement of personal expenses of the Bank's directors, officers, and employees.

(b) While this ORDER is in effect, the Bank's board of directors shall conduct monthly reviews of all expenses submitted for customer entertainment, business development, and/or any other expenses submitted by the Bank's officers and directors, with the results of the reviews stated in the minutes of the meetings of the Bank's board of directors at which such reviews are performed. On a monthly basis, the Bank shall either seek reimbursement for any expenses paid which are not in conformance with the policy established pursuant to this paragraph or shall state in the minutes of the Bank's board of directors' meeting the full justification for deviations from the policy.

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

CONCENTRATIONS OF CREDIT

14. (a) Within 90 days after the effective date of this ORDER, the Bank shall develop and submit a written plan to the Regional Director and the Commissioner for systematically reducing and monitoring the Bank's portfolio of loans, securities, or other

extensions of credit advanced or committed, directly or indirectly, to or for the benefit of any borrowers in real estate construction and development (the "Concentration Plan") as listed in the FDIC Report of Examination dated August 11, 2008, to an amount which is commensurate with the Bank's business strategy, management expertise, size, and location. At a minimum, the plan shall include:

(1) Dollar levels and percent of capital to which the Bank shall reduce each concentration;

(2) Timeframes for achieving the reduction in dollar levels identified in response to subparagraph (1) above;

(3) Provisions for the submission of monthly written progress reports to the Bank's board of directors for review and notation in the minutes of the meetings of the Bank's board of directors;

(4) Procedures for monitoring the Bank's compliance with the plan; and

(5) When fully implemented, the concentration plan shall establish a limit for any concentration to a single obligor. Such limit shall be no more than 25 percent of the Bank's Tier 1 capital.

(b) The Bank shall submit the Concentration Plan to the Regional Director and the Commissioner for review and comment within 90 days after the effective date of this ORDER. Within 30 days after receipt of all such comments from the Regional Director and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised Concentration Plan, which approval shall be recorded in the minutes of the meeting of the Bank's board of directors. Thereafter, the Bank shall implement and fully comply with the

Concentration Plan.

(c) The Bank shall not make any new extensions or commitments of credit to or for the benefit of any borrower or associated entities so long as such extension or commitment would result in the Bank exceeding any limit contained in the Concentration Plan.

<u>COMPLIANCE COMMITTEE – NON-EMPLOYEE DIRECTORS REQUIRED</u>

15. (a) Within 30 days after the effective date of this ORDER, the Bank's board of directors shall establish a committee of the Bank's board of directors charged with the responsibility of ensuring that the Bank complies with the provisions of this ORDER. At least three of the members of such committee shall be directors not employed in any capacity by the Bank other than as a director. The committee shall report monthly to the Bank's full board of directors, and a copy of the report and any discussion relating to the report or the ORDER shall be noted in the minutes of the Bank's board of directors' meetings. The establishment of this subcommittee shall not diminish the responsibility or liability of the Bank's entire board of directors to ensure compliance with the provisions of this ORDER.

<u>NOTIFICATION TO SHAREHOLDERS</u>

16. 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 (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's Accounting and Securities Disclosure Section, 550 17th Street NW, 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.

PROGRESS REPORTS

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 have released the Bank in writing from making additional reports.

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, superseded, or set aside by the FDIC.

This ORDER will become effective upon its issuance by the FDIC.

Pursuant to delegated authority.

Dated this 28th day of January, 2009.

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Thomas J. Dujenski
Regional Director
Dallas Region
Division of Supervision and Consumer Protection
Federal Deposit Insurance Corporation