



Comptroller of the Currency
Administrator of National Banks

Licensing Operations
Southwestern District Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3342

November 19, 2001

**Corporate Decision #2001-32
December 2001**

Garry Romines
Senior Vice President
First National Bank of Mt. Vernon
101 West Main Street
Mount Vernon, Texas 75457

Re: Purchase and Assumption of the Mt. Vernon, Texas Branch of Jefferson Heritage Bank, FSB, Denton, Texas. Application Control No. 2001-SW-02-0035

Dear Mr. Romines:

This is to inform you that today the Office of the Comptroller of the Currency (OCC) approved the application to purchase the assets and assume the liabilities of the Mt. Vernon, Texas branch of Jefferson Heritage Bank, FSB, Denton, Texas by First National Bank of Mt. Vernon, Mt. Vernon, Texas. A copy of the OCC's decision is enclosed.

This approval is granted based on a thorough review of all information available, including commitments and representations made in the application and the purchase and assumption agreement and those of your representatives.

As a reminder, the district office must be advised in writing in advance of the desired effective date for the purchase and assumption so that the OCC may issue the necessary certification letter. The effective date must be 15 days from the date of this letter. If the purchase and assumption is not consummated within one year from the approval date, the approval shall automatically terminate, unless the OCC grants an extension of the time period.

A separate letter is enclosed requesting your feedback on how we handled your application. We would appreciate your response so we may improve our service. If you have questions, please contact Senior Licensing Analyst Brenda E. McNeese or me at (214) 720-7052.

Yours truly,

/s/

Karen H. Bryant
Licensing Manager
Enclosure



Comptroller of the Currency
Administrator of National Banks

Licensing Operations
Southwestern District Office
1600 Lincoln Plaza
500 North Akard
Dallas, Texas 75201-3342

DECISION OF THE COMPTROLLER OF THE CURRENCY ON THE APPLICATION TO
PURCHASE CERTAIN ASSETS AND ASSUME CERTAIN LIABILITIES OF THE MOUNT
VERNON, TEXAS BRANCH OF JEFFERSON HERITAGE BANK, FSB, DENTON, TEXAS
BY FIRST NATIONAL BANK OF MOUNT VERNON, MOUNT VERNON, TEXAS
APPLICATION CONTROL NUMBER 2001-SW-02-0035

Introduction

On October 12, 2001, application was made to the Office of the Comptroller of the Currency (hereafter "OCC") for approval of the purchase of certain assets and assumption of certain liabilities of the Mount Vernon, Texas Branch of Jefferson Heritage Bank, FSB, Denton, Texas (hereafter "Jefferson") by First National Bank of Mount Vernon, Mount Vernon, Texas (hereafter "FNB"). The application was based on a purchase and assumption agreement entered into between the proponents on October 22, 2001.

Participating Financial Institutions

As of June 30, 2001, the Jefferson branch had deposits of \$21 million. On the same date, FNB had total deposits of \$82 million and operated three offices. FNB is owned by a one-bank holding company.

Competitive Analysis

The relevant geographic market for this proposal is Franklin County, Texas. This is the area from which FNB and JHB's Mt. Vernon branch derive the bulk of their deposits. The county has a population of 9,458. The OCC considers an area with such a small population to be economically insignificant from a competitive standpoint. (See Decision of the Comptroller of the Currency on the application to merge The National Bank and Trust Company of Norwich, New York, with National Bank of Oxford, Oxford, New York, dated April 8, 1983.) Because the OCC does not recognize the market as being economically significant, any anti-competitive effects resulting from this transaction are considered de minimis.

Banking Factors

The Bank Merger Act requires the OCC to consider "...the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served." We find that the financial and managerial resources of Jefferson and FNB do not raise concerns that would cause the application to be disapproved. Customers of both banks will continue to have access to the resulting bank. FNB currently offers a full line of banking services and there will be no changes in its products or services as a result of this transaction. The future prospects of the proponents, individually and combined, are considered favorable and the resulting bank is expected to meet the convenience and needs of the community to be served.

Community Reinvestment Act

A review of the record of this application and other information available to the OCC as a result of its regulatory responsibilities has revealed Jefferson and FNB record of meeting the credit needs of its community, including low- and moderate-income neighborhoods, is satisfactory. Therefore, there is no reasonable basis for objecting to this application due to concerns with the Act.

Conclusion

We have analyzed this proposal pursuant to the Bank Merger Act (12 U.S.C. 1828(c)) and find that it will not lessen significantly competition in any relevant market. Other factors considered in evaluating this proposal are satisfactory. Accordingly, the application is approved.

This approval, and the activities and communications by OCC employees in connection with the filing, do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the U.S., any agency or entity of the U.S., or an officer or employee of the U.S., and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. The foregoing may not be waived or modified by any employee or agent of the OCC or the U.S.

/s/
Karen H. Bryant
Licensing Manager

Date: November 19, 2001