

AGREEMENT BY AND BETWEEN
The Lamesa National Bank
Lamesa, Texas
and
The Comptroller of the Currency

The Lamesa National Bank, Lamesa, 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 some unsafe and unsound banking practices relating to internal controls and the administration of fiduciary accounts held 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
Lubbock Field Office
5225 S. Loop 289, Suite 108
Lubbock, Texas 70424

ARTICLE II

COMPLIANCE COMMITTEE

(1) Within thirty (30) days of the date of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) directors. Upon appointment, the names of the members of the Compliance Committee and, in the event of a change of the membership, the name of any new member shall be submitted in writing to the Assistant Deputy Comptroller. The Compliance Committee shall be responsible for monitoring and coordinating the Bank's adherence to the provisions of this Agreement.

(2) The Compliance Committee shall meet at least monthly.

(3) Within ninety (90) days of the date of this Agreement and quarterly thereafter, the Compliance Committee shall submit a written progress report to the Board setting forth in detail:

- (a) a description of the action needed to achieve full compliance with each Article of this Agreement;
- (b) actions taken to comply with each Article of this Agreement; and
- (c) the results and status of those actions.

(4) The Board shall forward a copy of the Compliance Committee's report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of receiving such report.

ARTICLE III

TRUST SERVICES

(1) Within thirty (30) days, the Board shall make a written determination of whether the Bank shall continue to offer trust services. In making this determination, the Board shall consider, among other things:

- (a) the cost of operating an adequately staffed trust department;
- (b) an evaluation of the profitability and future prospects of the trust department;
- (c) the existence of sufficient business in the community to support a trust department;
- (d) an evaluation of the quality and depth of current management;
- (e) a determination as to whether additions to or deletions from the current management team are necessary; and
- (f) future costs of training personnel.

(2) A copy of the Board's written determination, including the reasons upon which it is based, shall be forwarded to the Assistant Deputy Comptroller.

(3) If the Board elects to continue to offer trust services, then within ninety (90) days, the Board shall ensure that the Bank has competent management in place on a full-time basis in its Trust Officer position to carry out the Board's policies, ensure compliance with this

Agreement, applicable laws, rules and regulations, and manage the day-to-day asset management operations of the Bank in a safe and sound manner.

(4) Prior to the appointment of any individual to the position of Trust Officer, the Board shall submit to the Assistant Deputy Comptroller sufficient information to evaluate the qualifications, experience, and background of the individual, as well as a written statement of the Board's reasons for selecting the proposed officer and a written description of the proposed duties and responsibilities.

(5) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed new officer. However, the lack of disapproval of such individual shall not constitute an approval or endorsement of the proposed officer.

(6) The requirement to submit information and the prior disapproval provisions of this Article are based on the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller to complete his/her review and act on any such information or authority within ninety (90) days.

ARTICLE IV

TRUST ASSET ADMINISTRATION

(1) Within ninety (90) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to written policies and procedures for proper trust asset administration. At a minimum, the policies and procedures shall provide for:

- (a) sound fiduciary investment standards and principles consistent with applicable law and the terms of the governing instrument;
- (b) accurate accounting systems for trust assets;

- (c) written investment objectives and comprehensive records for each account administered;
- (d) a system that ensures written directions are obtained from authorized power holders for directed investments; and
- (e) standards for performing asset reviews in compliance with 12 C.F.R. § 9.6.

(2) Upon adoption, a copy of these policies and procedures shall be forwarded to the Assistant Deputy Comptroller.

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

ARTICLE V

TRUST AUDIT COMMITTEE

(1) The Board shall ensure that the Trust Audit Committee complies with the provisions of 12 C.F.R. § 9.9, meets at least quarterly, and maintains detailed written minutes of all its activities including:

- (a) discussions with the internal and/or external auditors concerning the scope of the annual audit program to be performed;
- (b) an opinion that the scope of the audit program provides suitable audit coverage of department activities as required by 12 C.F.R. § 9.9;
- (c) a review of the competence and independence of the assigned auditor;
- (d) a review of all trust department audit and examination reports within thirty (30) days of their receipt;

- (e) discussions with the trust officer and auditor(s) concerning all matters cited in the audit and examination reports of the trust department and their opinions of the present condition;
- (f) a determination that all matters involving violations of law or regulation, contravention of sound fiduciary business principles relating to investments, organization, administration and operations, and deficiencies in the Bank's policies, practices or controls disclosed in trust department audit and examination reports are noted and corrected as required by 12 C.F.R. § 9.9; and
- (g) an opinion on the condition of the trust department.

ARTICLE VI

CONFLICT OF INTEREST POLICY

(1) Within thirty (30) days, the Board shall adopt, implement, and thereafter ensure Bank adherence to a written, comprehensive conflict of interest policy applicable to the Bank's directors, principal shareholders, executive officers, affiliates, and employees (Insiders) and related interests of such Insiders. The policy, in addition to defining a conflict of interest, shall address:

- (a) avoidance of conflicts of interest and breaches of fiduciary duty, and the appearance of conflicts of interest;
- (b) involvement in the loan approval process of Insiders who may benefit directly or indirectly from the decision to grant credit;

- (c) disclosure of actual and potential conflicts of interest to the Board, and periodic disclosure of "related interests" as defined by 12 C.F.R. Part 215;
- (d) requirements for arms-length dealing in any transactions by Insiders, or their related organizations, involving the Bank's sale, purchase, or rental of property and services;
- (e) disclosure of any Insider's material interest in the business of a borrower, an applicant, or other customer of the Bank; and
- (f) restrictions on and disclosure of receipt of anything of value by Insiders, directly or indirectly, from borrowers, loan applicants, other customers, or suppliers of the Bank.

(2) Upon adoption, a copy of this conflict of interest policy shall be forwarded to the Assistant Deputy Comptroller for review.

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

(4) Within sixty (60) days, the Compliance Committee shall appoint a qualified, independent certified public accounting firm to conduct a review of the Bank's existing relationships with its Insiders and their related interests, for the purpose of identifying relationships not in conformity with the policy, and to conduct a review of other lending relationships detailed in the most recent OCC Report of Examination.

(5) Prior to appointing any firm to conduct this review, the Board shall submit to the Assistant Deputy Comptroller sufficient information to evaluate the qualifications, experience

and background of the firm, as well as a proposed engagement letter setting forth the scope of the review.

(6) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed firm. However, the lack of disapproval of such firm shall not constitute an approval or endorsement of the firm.

(7) The review required by paragraph (4) of this Article shall be completed and a written report shall be submitted to the Board within one hundred and twenty (120) days. Within thirty (30) days of reviewing the auditor's report, the Board shall ensure that:

- (a) any nonconforming relationships are brought into conformity with the policy; and
- (b) the Bank is properly reimbursed for:
 - (i) any excess or improper payments to Insiders and their related interests; and
 - (ii) any other amounts due to the Bank as a result of conduct identified in the Report of Examination or the auditor's report.

(8) Thereafter, the Board shall review all proposed transactions, or modifications of existing relationships, between the Bank and any of its Insiders and their related interests.

Documentation supporting these reviews shall be in writing and preserved in the Bank.

ARTICLE VII

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/her 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, stop, 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 her hand on behalf of the Comptroller.

/S/
Debra A. Garland
Assistant Deputy Comptroller
Lubbock Field Office

8/3/2010
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/
Kelvin Barkowsky

8/3/2010
Date

/S/
Elwood Freeman

8/3/2010
Date

/S/
Leigh Ann Freeman

8/3/2010
Date

John Hegi

Date

/S/
Scott Miers

8/3/2010
Date

/S/
Sue Winford

8/3/2010
Date