

AGREEMENT BY AND BETWEEN  
The First National Bank of Tahoka  
Tahoka, Texas  
and  
The Office of the Comptroller of the Currency

AA-SO-2019-28

The First National Bank of Tahoka, Tahoka, Texas (“Bank”) and the Office of the Comptroller of the Currency (“OCC”) wish to assure the safety and soundness of the Bank and its compliance with laws and regulations.

The Comptroller of the Currency (“Comptroller”) has found unsafe or unsound practice(s), including those relating to staffing, compliance risk management, credit administration, problem loan administration, and audit, as well as violations of law and regulation, including those relating to excessive dividends, inaccurate call reports, transactions with insiders, appraisals, the Flood Disaster Protection Act, the Bank Secrecy Act, the Truth in Lending Act (“TILA”) and Real Estate Settlement Procedures Act (“RESPA”), and the Expedited Funds Availability Act;

Therefore, the OCC, through the duly authorized representative of the Comptroller, and the Bank, through its duly elected and acting Board of Directors (“Board”), hereby agree that the Bank shall operate at all times in compliance with the following:

**ARTICLE I**

**JURISDICTION**

(1) The Bank is an “insured depository institution” as that term is defined in 12 U.S.C. § 1813(c)(2).

(2) The Bank is a national banking association within the meaning of 12 U.S.C. § 1813(q)(1)(A), and is chartered and examined by the OCC. *See* 12 U.S.C. § 1 *et seq.*

(3) The OCC is the “appropriate Federal banking agency” as that term is defined in 12 U.S.C. § 1813(q).

## **ARTICLE II**

### **COMPLIANCE COMMITTEE**

(1) Within ten (10) days of this Agreement, the Board shall appoint a Compliance Committee of at least three (3) members of which a majority shall be directors who are not employees or officers of the Bank or any of its affiliates. The Board shall submit in writing to the Assistant Deputy Comptroller the names of the members of the Compliance Committee within ten (10) days of their appointment. In the event of a change of the membership, the Board shall submit in writing to the Assistant Deputy Comptroller within ten (10) days the name of any new or resigning committee member. The Compliance Committee shall monitor and oversee the Bank’s compliance with the provisions of this Agreement. The Compliance Committee shall meet at least quarterly and maintain minutes of its meetings.

(2) Within forty-five (45) days of the quarter ending June 30, 2019, and thereafter within forty-five (45) days after the end of each calendar quarter, the Compliance Committee shall submit to the Board a written progress report setting forth in detail:

- (a) a description of the corrective actions needed to achieve compliance with each Article of this Agreement;
- (b) the specific corrective actions undertaken to comply with each Article of this Agreement; and
- (c) the results and status of the corrective actions.

(3) Upon receiving each written progress report, the Board shall forward a copy of the report, with any additional comments by the Board, to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board's receipt of such report.

### **ARTICLE III**

#### **DIVIDEND RESTRICTIONS**

- (1) Effective immediately, the Bank shall only declare dividends when:
- (a) the Bank is in compliance with 12 U.S.C. §§ 56 and 60; and
  - (b) the Bank has received a prior written determination of no supervisory objection from the Assistant Deputy Comptroller.

### **ARTICLE IV**

#### **BOARD TO ENSURE COMPETENT MANAGEMENT**

(1) Within one hundred twenty (120) days of this Agreement, and on an ongoing basis thereafter, the Board shall ensure that the Bank has sufficient and competent management in place on a permanent and full-time basis, including, but not limited to, in its President or Chief Executive Officer, Chief Financial Officer or Cashier, Chief Lending Officer or Senior Credit Officer, and other operational positions, vested with sufficient authority to fulfill the duties and responsibilities of the position, carry out the Board's policies, ensure the Bank's adherence to corporate governance and decision-making processes, ensure compliance with this Agreement, applicable laws, rules and regulations, and manage the day-to-day operations of the Bank in a safe and sound manner within the scope of that position's responsibilities.

(2) Within one hundred twenty (120) days of this Agreement, and annually thereafter, or when requested by the Assistant Deputy Comptroller in writing, the Board shall review the capabilities of the Bank's management to perform present and anticipated duties and the Board

shall determine whether management changes will be made, including the need for additions to or deletions from current management. The Board's review of the capabilities of Bank management and discussion of any management changes shall be documented in detail in the Board's meeting minutes.

(3) For incumbent officers in the positions mentioned in Paragraph (1) of this Article, the Board shall, within one hundred twenty (120) days of this Agreement, assess each of these officer's experience, qualifications and performance compared to the position's description, duties and responsibilities.

(4) If the Board determines that an officer will continue in his or her position, but that the officer's depth of skills needs improvement, the Board shall within thirty (30) days of such determination, develop and implement a written program, with specific time frames, to improve the officer's supervision and management of the Bank. At a minimum, the written program shall include:

- (a) an education program designed to ensure that the officer has skills and abilities necessary to supervise effectively;
- (b) a program to improve the effectiveness of the officer;
- (c) objectives by which the officer's effectiveness will be measured; and
- (d) a performance appraisal program and projected timeline for evaluating performance according to the position's description and responsibilities and for measuring performance against the Bank's goals and objectives.

Upon completion, a copy of the written program shall be submitted to the Assistant Deputy Comptroller.

(5) Subject to Paragraph (6) of this Article, if any senior executive officer (as defined in 12 C.F.R. § 5.51(c)(4)) position is vacant now or in the future, the Board shall within one hundred twenty (120) days of the date of this Agreement or the future vacancy, respectively, identify and provide notice to the Assistant Deputy Comptroller, of a competent, permanent, and full-time candidate for the position. The Board shall comply with the prior notice requirements of 12 U.S.C. § 1831i and 12 C.F.R. § 5.51 when selecting an individual to serve in any senior executive officer position.

(6) If the Board determines that a senior executive officer position is no longer necessary, the Board may elect not to fill a vacant position under Paragraph (5) of this Article if the Board first obtains the written no supervisory objection of the Assistant Deputy Comptroller to the elimination of such position.

(7) Prior to the appointment of any individual to an executive officer position (other than for a senior executive officer as defined in 12 C.F.R. § 5.51(c)(4)), the Board shall submit to the Assistant Deputy Comptroller written notice containing information regarding the proposed candidate's identity, personal history, business background, experience, and any other information required by the Assistant Deputy Comptroller in writing and receive the Assistant Deputy Comptroller's written determination of non-disapproval.

(8) The Assistant Deputy Comptroller shall have the power to disapprove the appointment of the proposed executive officer. However, the failure to exercise such disapproval power shall not constitute an approval or endorsement of the proposed executive officer.

(9) Within thirty (30) days of receiving the Assistant Deputy Comptroller's written determination of non-disapproval of a proposed executive officer referred to in Paragraph (7) of this Article, the Board shall appoint the individual to that executive officer position. That new

executive officer shall be vested with sufficient authority to fulfill the duties and responsibilities of the position, carry out the Board's policies, ensure compliance with this Agreement, applicable laws, rules and regulations, and ensure the safe and sound operation of the Bank within the scope of that position's responsibilities.

(10) The requirement to submit information and the prior non-disapproval provisions of Paragraph (7) of this Article are based upon the authority of 12 U.S.C. § 1818(b)(6)(E) and do not require the Comptroller or the Assistant Deputy Comptroller to complete his or her review and act on any such information or authority within ninety (90) days.

## **ARTICLE V**

### **CONSUMER COMPLIANCE PROGRAM**

(1) Within ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection a written, risk-based 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 at a minimum:

- (a) a written description of the duties and responsibilities of the Compliance Officer;
- (b) the establishment of employee and management accountability for noncompliance with relevant consumer laws, rules, and regulations;
- (c) revised policies and procedures to ensure they provide appropriate guidance regarding all relevant consumer protection laws, rules, and regulations, to include in particular, Regulation CC, the Servicemembers'

Civil Relief Act (“SCRA”), the TILA-RESPA Integrated Disclosure rule, and the Flood Disaster Protection Act;

- (d) timely updates of written policies and procedures to ensure they remain current;
- (e) adequate internal controls to ensure compliance with consumer protection laws, rules, and regulations;
- (f) procedures to ensure customers are charged interest at their contractual rates, for providing customers with written notification of changes in their loans’ rates or terms, and for identifying and reimbursing customers who have been charged interest in excess of their contractual rates;
- (g) procedures to identify individuals to whom SCRA protections apply and to ensure repossessions and foreclosures are conducted in compliance with the requirements of the SCRA;
- (h) a formalized risk assessment process and annual audit plan to use in determining the frequency and scope of ongoing compliance monitoring and audit;
- (i) a comprehensive independent audit program to adequately test for compliance with consumer protection laws, rules and regulations;
- (j) procedures to ensure that exceptions noted in the audit reports are corrected and responded to by the appropriate Bank personnel;
- (k) the education and training of all appropriate Bank personnel in the requirements of all applicable federal and state consumer protection laws, rules and regulations;

- (l) procedures for the dissemination of changes in laws, rules, regulations and OCC policy changes to affected Bank personnel; and
- (m) periodic reporting of the results of the consumer compliance audit to the Board or a committee thereof.

(2) After the OCC has advised the Bank that it does not take supervisory objection to the program required by this Article, the Board shall immediately implement, and shall thereafter ensure adherence to its terms.

## **ARTICLE VI**

### **AUDIT PROGRAM**

(1) Within ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection a revised audit program that:

- (a) includes procedures to assist in completing operations audits;
- (b) detects irregularities and weak practices in the Bank's operations;
- (c) determines the Bank's level of compliance with all applicable laws, rules and regulations;
- (d) assesses and reports the effectiveness of policies, procedures, controls, and management oversight relating to accounting and financial reporting;
- (e) evaluates the Bank's adherence to established policies and procedures;
- (f) establishes a line of communication for audit reporting issues between the internal auditor, external auditors, audit committee, and board of directors;
- (g) ensures audit workpapers and documentation of conclusions provide a meaningful audit trail and validation for findings and recommendations;



- (h) ensures timely management responses and corrective actions on identified weaknesses; and
- (i) establishes an annual audit plan using a risk-based approach sufficient to achieve these objectives.

(2) The Board's compliance with Paragraph (1) of this Article shall include the development of an audit policy and the performance of a Bank-wide risk assessment to guide the Bank's development of the audit scope and annual coverage. The Board must ensure that higher risk areas are reviewed more frequently than lower risk areas.

(3) As part of the audit program required by this Article, 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.

(4) The Board shall ensure that the audit program 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 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/or Board Audit Committee (comprised of at least two external directors) and not through any intervening party.

(6) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the Bank's revised audit program.

## **ARTICLE VII**

### **CREDIT ADMINISTRATION**

(1) Effective as of the date of this Agreement, the Board shall ensure that all lending officers comply with all laws, rules, regulations, Bank policies and procedures, safe and sound banking practices, and fiduciary duties.

(2) The Board shall take the necessary steps to ensure that current and satisfactory credit and proper collateral information is maintained on all loans. Within sixty (60) days of this Agreement, and within thirty (30) days of any subsequent notification, the Board shall ensure that the Bank takes all reasonable steps to obtain any missing credit or collateral information described in the Report of Examination conducted as of January 29, 2019 (“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 at the conclusion of an examination. If after all reasonable efforts the Bank is unable to obtain the missing credit or collateral information, the Board must ensure the Bank fully documents the steps it took and the reason(s) it could not obtain such information

(3) The Board and management must adhere to loan policy requirements for the content and timing of written pre- and post-funding analyses. Each analysis must be based on current financial and collateral information, and must adequately document and assess:

- (a) the specific reason or purpose for the extension of credit;
- (b) the expected primary and secondary sources of repayment;
- (c) the current and projected financial condition of the borrower;
- (d) the value and condition of collateral by a source independent of the loan officer; and

(e) support for risk rating and accrual.

(4) Failure to obtain the information required pursuant to Paragraph (3) of this Article shall require a majority of the full Board (or a delegated committee consisting of at least two external directors) to certify in writing that it was in the best interests of the Bank to nevertheless provide the extension of credit. The Board or its delegated committee shall also provide the specific reason(s) that the non-complying extension of credit is in the best interests of the Bank.

(5) The Board must ensure any grant, extension, renewal, alteration or restructuring of any loan or other extension of credit complies with the Bank's loan policy and its underwriting and documentation standards.

(6) Within ninety (90) days of this Agreement, the Board must develop and implement a plan to bring current loan exception levels into compliance with internal policies and procedures.

(7) Within ninety (90) days of this Agreement, the Board must develop and implement policies and procedures that require documentation of risk mitigants when creating loan exceptions.

(8) Within sixty (60) days of this Agreement, the Board must develop and implement an exception tracking report that identifies all exceptions at origination and throughout the life of the loan. The Board must ensure that management aggregates exceptions and reports them to the Board at least quarterly.

## **ARTICLE VIII**

### **ALLOWANCE FOR LOAN AND LEASE LOSSES**

(1) Within ninety (90) days of this Agreement, the Board shall prepare and submit to the Assistant Deputy Comptroller for a prior written determination of no supervisory objection

revised policies and procedures for maintaining an adequate Allowance for Loan and Lease Losses (“ALLL”) in accordance with the Federal Accounting Standards Advisory Board’s (“FASB”) generally accepted accounting principles (“GAAP”). The ALLL policies and procedures shall be consistent with the guidance set forth in the Federal Financial Institutions Examination Council’s “Interagency Policy Statement on the Allowance for Loan and Lease Losses” dated December 13, 2006, (OCC Bulletin 2006-47). The ALLL policies and procedures shall at a minimum include the following:

- (a) criteria and procedures for determining whether a loan is impaired and measuring the amount of impairment, consistent with Accounting Standards Codification (“ASC”) 310-10, Receivables - Overall - Subsequent Measurement – Impairment;
- (b) criteria and procedures for segmenting the loan portfolio and estimating loss on groups of loans that are consistent with ASC 450-20, Loss Contingencies. These procedures shall require the Bank to document its estimation of credit losses and its analysis of the nine qualitative factors set forth in OCC Bulletin 2006-47;
- (c) validating the ALLL methodology;
- (d) ensuring that the estimation of credit losses considers the relevant qualitative and environmental factors, with particular focus on the following:
  - (i) trends in the Bank’s internal risk ratings as well as in delinquent and nonaccrual loans;
  - (ii) results of the Bank’s external loan review;

- (iii) concentrations of credit in the Bank;
  - (iv) present and prospective economic conditions; and
  - (v) applicable experience of the Bank's lending staff;
- (e) providing all staff preparing the ALLL receive training;
  - (f) reviewing on at least a quarterly basis, to determine the adequacy of the ALLL. The Board shall maintain written documentation indicating the factors considered and conclusions reached in its determination of the adequacy of the ALLL; and
  - (g) summarizing and documenting, for the Board's prior review and approval, the amount to be reported in the Bank's Call Report for the ALLL.

(2) The Board shall adopt, implement, and thereafter ensure adherence to written policies and procedures to ensure that all official and regulatory reports filed by the Bank accurately reflect an adequate ALLL balance as of the date that such reports are submitted. Any difference between the ALLL balance as determined by the analysis required by this Article and the Bank's actual ALLL balance shall be remedied through appropriate account adjustments in the quarter it is discovered, prior to the filing of the Bank's Call Reports. Written documentation shall be maintained indicating the factors considered and conclusions reached by the Board in determining the adequacy of the ALLL.

(3) Upon receiving a written determination of no supervisory objection from the Assistant Deputy Comptroller, the Board shall immediately implement and thereafter ensure adherence to the Bank's revised policies and procedures for maintaining an adequate ALLL.

## **ARTICLE IX**

### **PARTICIPATIONS PURCHASED**

(1) Within sixty (60) days of the date of this Agreement, the Board shall review, revise, and thereafter ensure adherence to the Bank's Loan Policy to include, at a minimum, revisions relating to guidelines for participations purchased as set forth in Banking Circular 181 (Revised), dated August 2, 1984, and the requirements of 12 C.F.R. Part 34, to include, at a minimum:

- (a) a prohibition against purchasing any participation for which the Bank does not have the knowledge, skills, or ability to properly underwrite on its own;
- (b) standards, procedures, and limits for the purchase of loans and participations;
- (c) preparation and documentation of complete, independent analysis of the credit quality of the obligations to be purchased, as well as an independent analysis of the value and lien status of the collateral pledged;
- (d) maintenance of current, complete financial information and analysis on the borrower during the term of the loan;
- (e) the identification, waiver (if appropriate), and mitigation (if appropriate) of any exceptions to the Bank's Loan Policy; and
- (f) the establishment of officer and managerial responsibility and accountability for compliance with the revised policy.

(2) Upon completion, the Board shall submit a copy of the revisions to the Bank's Loan Policy required by Paragraph (1) of this Article to the Assistant Deputy Comptroller.

## ARTICLE X

### PROBLEM LOAN MANAGEMENT

(1) Effective as of the date of this Agreement, the Board shall take immediate and continuing action to protect its interest in those assets subject to adverse classification 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 ninety (90) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures designed to ensure that risk rating and nonaccrual designation definitions in the loan policy are adhered to.

(3) Within ninety (90) days of this Agreement, the Board and management must develop and implement a plan that provides for external training on loan risk ratings, nonaccrual, impairment, and loss recognition for all lenders and loan committee members, the implementation of which must be completed within one hundred twenty (120) days of this Agreement.

(4) The Board must ensure an annual or more frequent independent and qualified loan review that assesses credit risk in the loan portfolio, compliance with bank policy, and validates internal risk ratings. The Board must ensure that the engaged loan reviewer adheres to the terms of engagement.

(5) The Board's compliance with Paragraph (1) of this Article shall include the development of policies and procedures for the quarterly submission and review of reports of all credit relationships subject to criticism or adverse classification or Other Real Estate Owned ("OREO") totaling fifty thousand dollars (\$50,000) or more, and that require the preparation of

loan status reports (“LSR”) that contain, at a minimum, analysis and documentation of the following:

- (a) the basis for criticism and proper risk rating and accrual designation;
- (b) an identification of the expected sources of repayment and an analysis of their adequacy;
- (c) the appraised value of supporting collateral and the position of the Bank’s lien on such collateral where applicable as well as other necessary documentation to support the collateral valuation;
- (d) an analysis of current and satisfactory credit information, including cash flow analysis where loans are to be repaid from operations;
- (e) the current grade and proposed action to eliminate the basis of criticism and the time frame for its accomplishment;
- (f) trigger dates for positive borrower actions or for loan officers to reassess the strategy, enact collection plans, and make appropriate downgrades or place on nonaccrual; and
- (g) a determination of whether the loan is impaired and the amount of the impairment, consistent with ASC 310-10.

(6) A copy of each LSR, along with any Board comments regarding the effectiveness of the effort to eliminate the weaknesses in each credit or to dispose of the OREO, shall be submitted to the Assistant Deputy Comptroller within ten (10) days of the first Board meeting following the Board’s receipt of such report.



## **ARTICLE XI**

### **VIOLATIONS OF LAW**

(1) The Board shall immediately take the necessary steps to ensure that Bank management corrects each violation of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty cited in the ROE and in any subsequent Report of Examination or OCC correspondence. The quarterly progress reports required by Article II of this Agreement shall include the date and manner in which each correction has been effected during that reporting period.

(2) Within ninety (90) days of this Agreement, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future violations, practices, and breaches as cited in the ROE and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and training of employees regarding laws, rules, regulations, and duties applicable to their areas of responsibility.

(3) Within sixty (60) days of receipt of any subsequent Report of Examination or other OCC correspondence which cites violations of law, rule, or regulation, unsafe or unsound practice, or breach of fiduciary duty, the Board shall adopt, implement, and thereafter ensure Bank adherence to specific procedures to prevent future citations and shall adopt, implement, and ensure Bank adherence to general procedures addressing compliance management which incorporate internal control systems and training of employees regarding laws, rules, regulations, and duties applicable to their areas of responsibility.

## **ARTICLE XII**

### **GENERAL BOARD RESPONSIBILITIES**

(1) The Board shall ensure that the Bank has timely adopted and implemented all corrective actions required by this Agreement, and shall verify that the Bank adheres to the corrective actions and they are effective in addressing the Bank's deficiencies that resulted in this Agreement.

(2) In each instance in which this Agreement imposes responsibilities upon the Board, it is intended to mean that the Board shall:

- (a) authorize, direct, and adopt corrective actions on behalf of the Bank as may be necessary to perform the obligations and undertakings imposed on the Board by this Agreement;
- (b) ensure that the Bank has sufficient processes, management, personnel, control systems, and corporate and risk governance to implement and adhere to all provisions of this Agreement;
- (c) require that Bank management and personnel have sufficient training and authority to execute their duties and responsibilities pertaining to or resulting from this Agreement;
- (d) hold Bank management and personnel accountable for executing their duties and responsibilities pertaining to or resulting from this Agreement;
- (e) require appropriate, adequate, and timely reporting to the Board by Bank management of corrective actions directed by the Board to be taken under the terms of this Agreement; and

- (f) address any noncompliance with corrective actions in a timely and appropriate manner.

### **ARTICLE XIII**

#### **OTHER PROVISIONS**

(1) As a result of this Agreement, the Bank is in “troubled condition,” as set forth in 12 C.F.R. § 5.51(c)(7)(ii), unless otherwise informed in writing by the OCC. In addition, as a result of this Agreement, the Bank is not an “eligible bank” for purposes of 12 C.F.R. § 5.3(g) and 12 C.F.R. § 24.2(e), unless otherwise informed in writing by the OCC.

(2) This Agreement supersedes all prior OCC communications issued pursuant to 12 C.F.R. §§ 5.3(g)(5), 5.51(c)(7)(ii), and 24.2(e)(4).

### **ARTICLE XIV**

#### **CLOSING**

(1) This Agreement is intended to be, and shall be construed to be, a “written agreement” within the meaning of 12 U.S.C. § 1818, and expressly does not form, and may not be construed to form, a contract binding on the United States, the OCC, or any officer, employee, or agent of the OCC. Notwithstanding the absence of mutuality of obligation, or of consideration, or of a contract, the OCC may enforce any of the commitments or obligations herein undertaken by the Bank under its 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 OCC has any intention to enter into a contract. The Bank also expressly acknowledges that no officer, employee, or agent of the OCC has statutory or other authority to bind the United States, the U.S. Treasury Department, the OCC, or any other federal bank regulatory agency or

entity, or any officer, employee, or agent of any of those entities to a contract affecting the OCC's exercise of its supervisory responsibilities.

(2) This Agreement is effective upon its issuance by the OCC, through the Comptroller's duly authorized representative. Except as otherwise expressly provided herein, all references to "days" in this Agreement shall mean calendar days and the computation of any period of time imposed by this Agreement shall not include the date of the act or event that commences the period of time. The provisions of this Agreement shall remain effective and enforceable except to the extent that, and until such time as, such provisions are amended, suspended, waived, or terminated in writing by the OCC, through the Comptroller's duly authorized representative. If the Bank seeks an extension, amendment, suspension, waiver, or termination of any provision of this Agreement, or within any plan or program submitted pursuant to this Agreement, the Board or a Board-designee shall submit a written request to the Assistant Deputy Comptroller asking for relief. Any request submitted pursuant to this paragraph shall include a statement setting forth in detail the special circumstances that prevent the Bank from complying with the relevant provision(s) of the Agreement or plan or program submitted pursuant to this Agreement, and shall be accompanied by relevant supporting documentation. The OCC's decision concerning a request submitted pursuant to this paragraph, which will be communicated to the Board in writing, is final and not subject to further review.

(3) The Bank will not be deemed to be in compliance with this Agreement until it has adopted, implemented, and adhered to all of the corrective actions set forth in each Article of this Agreement; the corrective actions are effective in addressing the Bank's deficiencies; and the OCC has verified and validated the corrective actions. An assessment of the effectiveness of

the corrective actions requires sufficient passage of time to demonstrate the sustained effectiveness of the corrective actions.

(4) Each citation, guidance, or issuance referenced in this Agreement includes any subsequent citation, guidance, or issuance that replaces, supersedes, amends, or revises the referenced cited citation, guidance, or issuance.

(5) No separate promise or inducement of any kind has been made by the OCC, or by its officers, employees, or agents, to cause or induce the Bank to enter into this Agreement.

(6) All reports, plans, or programs submitted to the OCC pursuant to this Agreement shall be forwarded, by hand delivery, overnight mail or via email, to the following:

Assistant Deputy Comptroller  
Office of the Comptroller of the Currency  
Lubbock Field Office  
5225 South Loop 289, Suite 108  
Lubbock, Texas 79424

(7) 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 as his duly authorized representative, has hereunto set her signature on behalf of the Comptroller.

/s/ Digitally Signed, Date: 2019.06.20

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Amy Klein  
Assistant Deputy Comptroller  
Lubbock Field Office

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Date

IN TESTIMONY WHEREOF, the undersigned, as the duly elected and acting Board of Directors of The First National Bank of Tahoka have hereunto set their signatures on behalf of the Bank.

<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        Don Blair        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6/20/19        </u>
<u>        F.B. Hegi, Jr.        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        Gregory Henley        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        John Krey        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        Trent Leverett        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        Samuel Louder        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6.20.19        </u>
<u>        Steve Sanders        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        James A. Solomon        </u>	<u>        Date        </u>
<u>        /s/        </u>	<u>        6-20-19        </u>
<u>        Worth Whitworth        </u>	<u>        Date        </u>