

OFFICE OF THRIFT SUPERVISION

Approval of Acquisition of a Federal Savings Bank

Order No.: 2000-04

Date: January 18, 2000

Southwest Securities Group, Inc., Dallas, Texas (the "Holding Company"), Buchholz Arlington Banshares, Ltd., Buchholz Investments, a Partnership, The Angela Buchholz Childrens' Trust, The Robert Buchholz Childrens' Trust, Buchholz Irrevocable Trust, Chrystine B. Roberts 1997 Trust, Robert A. Buchholz 1997 Trust, Samuel Alden Buchholz Trust, Donald Andrew Buchholz Trust, Don A. Buchholz and his family members (the "Applicants") have applied to the Office of Thrift Supervision ("OTS") to acquire First Savings Bank, A F.S.B., Arlington, Texas (the "Savings Bank"), a federal stock savings bank, pursuant to 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.3.

The OTS has considered the holding company application under the standards set forth in 12 U.S.C. § 1467a(e) and 12 C.F.R. § 574.7, and under the Community Reinvestment Act, 12 U.S.C. §§ 2901, *et seq.*, and OTS regulations thereunder, 12 C.F.R. Part 563e. In addition, OTS has considered the digest by the OTS Midwest Regional Office, a legal opinion by the Business Transactions Division, and an analysis by the Office of Examination and Supervision (collectively, the "Staff Memoranda"). For the reasons set forth in the Staff Memoranda, OTS has determined that the holding company application satisfies all applicable statutory and regulatory criteria, provided that the conditions set forth below are satisfied. Accordingly, the holding company application is hereby approved, subject to the following conditions:

1. The Holding Company must receive all required regulatory approvals prior to consummation of the proposed transaction with copies of all such approvals provided to the Midwest Regional Office;
2. Prior to consummation of the proposed transaction, the chief financial officers of the Holding Company and the Savings Bank must certify in writing to the Midwest Regional Director that no material or adverse changes have occurred with respect to the financial condition or operation of the Holding Company, the Savings Bank and the Savings Bank's current holding companies as disclosed in the applications. In addition, should additional information having an adverse bearing on any feature of the Application be brought to the attention of the Holding

Company, the Savings Bank or OTS since the date of the financial statements submitted with the Application, the transaction shall not be consummated unless the information is presented to the Midwest Regional Director, and the Midwest Regional Director provides written non-objection to consummation of the transaction;

3. The proposed transaction must be consummated within one hundred and twenty (120) calendar days from the date of this Order or within such additional period as the Midwest Regional Director, or his designee, may grant;

4. The Holding Company and the Savings Bank must advise the Midwest Regional Office in writing within 5 calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction; and (b) that the transaction was consummated in accordance with all applicable laws and regulations, the application and this Order;

5. Any tax sharing agreement to be entered into between the Holding Company and the Savings Bank must receive the prior written approval of the Midwest Regional Director;

6. At least 40 percent of the Savings Bank's board of directors must be individuals who are not officers or employees of the Holding Company or affiliates thereof and at least one member of the Savings Bank's board of directors must be an individual who is not an officer, director or employee of the Holding Company or any affiliate and who is not an officer or employee of the Savings Bank. At least 50 percent of any audit committee of the Savings Bank must be directors who are not officers or employees of the Savings Bank, the Holding Company or any affiliates;

7. For the first eighteen months of the Savings Bank's operation, any contracts or agreements pertaining to transactions with affiliates, not yet submitted to OTS for review, must be provided to the Midwest Regional Director, or his designee, at least 30 days prior to execution and must receive his written non-objection prior to implementation;

8. Any affiliate of the Holding Company that engages in securities activities ("Securities affiliate") must be operated as a separate legal entity from the Savings Bank so that: (a) their respective accounts and records are not intermingled; (b) each observes the procedural formalities of separate legal titles; (c) each is held out to the public as a separate enterprise; and (d) none dominates another to the extent that one is treated as a mere department of the other;

9. A majority of the Savings Bank's board of directors must not be individuals who are directors or employees of any Securities affiliate;

10. The Savings Bank and any Securities affiliate are prohibited from sharing common officers unless prior approval is obtained from the Midwest Regional Director, which shall be based on criteria such as regulatory compliance, experience, character, integrity and the ability to perform both duties;

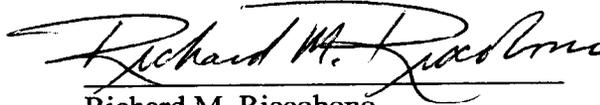
11. The Savings Bank and any Securities affiliate must take measures necessary to ensure that their officers and directors adhere to the principles set forth in OTS regulations on conflicts of interest, 12 C.F.R. § 563.200 and corporate opportunity, 12 C.F.R. § 563.201 and any other additional or successor statements of policy or regulations addressing these subjects. The officers and directors of the Savings Bank and any Securities affiliate are prohibited from using their influence to: (a) take advantage of a business opportunity for a Securities affiliate's benefit when the opportunity is of present or potential advantage to the Savings Bank; or (b) place a Securities affiliate in a position that leads to, or could create the appearance of a potential conflict of interest;
12. The Savings Bank, the Holding Company and any Securities affiliates are subject to the provisions of 12 C.F.R. § 563.76, *Offers and Sales of Securities at an Office of Savings Association*, and related policy established in OTS Thrift Bulletins 23-2, *InterAgency Statement on Retail Sales of Nondeposit Investment Products* (the "InterAgency Statement"), and 23a, *Limited Exceptions to Prohibitions on Sales of Savings Institution's Securities*, and any additional or successor statements of policy or regulations addressing these subjects. The Savings Bank must submit, prior to consummation of the transaction, procedures acceptable to the Midwest Regional Director, setting forth how the Savings Bank will avoid confusion regarding the status of deposit insurance with respect to investments in securities by customers accessing the Savings Bank's Internet sites;
13. Any expansion of the cross-marketing initiatives identified in the application must, at least 30 days prior to expected implementation, be provided to the Midwest Regional Director, or his designee, for his review and must receive his written non-objection prior to implementation. Such a notification should detail the proposed training efforts and other procedures developed to address the expansion of any cross-marketing activities;
14. The Savings Bank must operate within the parameters of its business plan. No later than August 31 of each year during the three years following consummation of the proposed transaction, the Savings Bank's board must review and update the business plan and the Savings Bank's management must present the updated business plan to the Regional Director for his review and written non-objection. At any time during the first three years following consummation of the proposed transaction, the Holding Company and the Savings Bank must submit any proposed major deviations or material changes from the plan (including changes resulting from decisions made by the Holding Company), and, in particular, those pertaining to cross-marketing or changes in delivery systems, for the prior, written non-objection of the Regional Director. The request for change must be submitted a minimum of 30 calendar days before the proposed change is implemented. Further, the OTS may impose conditions on the Savings Bank as part of any OTS review of the changed business plan;
15. The Holding Company, its affiliates and the Savings Bank must comply with the anti-tying restrictions of 12 U.S.C. §§ 1464(q) and 1467a(n) and must develop written procedures to effect such compliance. The procedures must disclose any proposed bundling arrangements and must be

submitted for the review and non-objection of the Regional Director within 60 days after the consummation of the transaction; and

16. The Savings Bank must continue to comply with the terms, requirements, and conditions contained in all Year 2000 guidance issued by the OTS and/or the Federal Financial Institutions Examination Council.

Any time period specified herein may be extended by the Regional Director, for good cause, for up to 120 calendar days.

By order of the Director of the Office of Thrift Supervision, or her designee, effective January 18, 2000.

A handwritten signature in cursive script, reading "Richard M. Riccobono". The signature is written in black ink and is positioned above the printed name and title.

Richard M. Riccobono
Deputy Director