UNITED STATES OF AMERICA
BEFORE THE
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF JOHN C. CULPEPPER, JR., FORMER CHAIRMAN OF THE BOARD OF DIRECTORS OF HOMESTEAD SAVINGS ASSOCIATION OF TEXAS COLLEGE STATION, TEXAS	RESOLUTION NO. DAL-92-78 DATED: December 30, 1992

STIPULATION AND CONSENT TO THE ENTRY
OF A CEASE AND DESIST ORDER

The Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office of the OTS ("Regional Director"), and John C. Culpepper, Jr. ("Culpepper"), former Chairman of the Board of Directors ("Board") of Homestead Savings Association of Texas, College Station, Texas ("Homestead"), stipulate and agree as follows:

1. CONSIDERATION

The OTS, based upon information reported to it, is of the opinion that grounds exist to initiate an administrative cease and desist proceeding against Culpepper, pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C.S. § 1818(b) (Supp. 1992). Culpepper desires to cooperate with the OTS and to avoid the time and expense of such administrative litigation and, without admitting or denying that such grounds exist, hereby stipulates and agrees to the following terms in consideration of the forbearance by the OTS from initiating any such administrative action for an order to cease and desist against Culpepper or an order for the assessment of civil money penalties against Culpepper or an order of prohibition against Culpepper, with respect to Culpepper's participation in:

(a) violations in 1986 - 1988 of 12 C.F.R. § 563.43(c)(3) in the form of Homestead's acceptance of securities of an affiliated person, First One Broadcast Group, Inc., which was owned in large part by Culpepper, as collateral for loans 27-0610997, 33-0610743, and 33-0610998, each granted by Homestead to Barry Turner;

(b) a violation of 12 C.F.R. § 563.43(c)(3) in 1987 in the form of Homestead's acceptance of a note payable by an affiliated person, Culpepper, to collateralize loan 33-0610634, granted by Homestead to Holland Winder, d.b.a. Winder and Associates Engineers;

(c) a violation in 1990 of 12 C.F.R. § 563.43(b)(5) in Homestead's loan 26-0612089 to an affiliated person, Culpepper, which was granted without advance approval by resolution duly adopted after full disclosure by at least a majority of Homestead's entire board and which was a commercial loan in excess of $10,000; and

(d) a violation in 1990 of 12 C.F.R. § 215.4(a), as made applicable to Homestead, in Homestead's loan 33-0610996 to Culpepper, a director and/or executive officer, insofar as the loan constituted a loan renewal or extension without any recovery of principal, contrary to Homestead's underwriting practice for comparable transactions with other borrowers.

Based on information provided by Homestead, it is the understanding and belief of OTS that each of the above-referenced loans has been paid in full without loss to Homestead.

2. <u>JURISDICTION</u>

(a) Homestead, at all times relevant to the allegations set forth herein, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C.S. § 1813(b) (Supp. 1992), and Section 2(4) of the Home Owners' Loan Act, 12 U.S.C.S. § 1462(4) (1992). Accordingly, it is an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C.S. § 1813(c) (Supp. 1992).

(b) Culpepper served as Chairman of the Board of Homestead from 1974 to December 31, 1990, when he voluntarily resigned.

(c) Culpepper was, at all times relevant to the allegations set forth herein, Chairman of the Board of Homestead and as such was an "institution-affiliated party" as that term is defined in Section 3(u) of the FDIA, 12 U.S.C.S § 1813(u) (Supp. 1992).

(d) Pursuant to Section 3(q) of the FDIA, 12 U.S.C.S. § 1813(q) (Supp. 1992), the OTS is the "appropriate Federal banking agency" to maintain an enforcement proceeding against such a savings association or its institution-affiliated parties. Therefore, Culpepper, as an institution-affiliated party, is subject to the authority of the OTS to initiate and maintain a cease and desist administrative proceeding against him pursuant to Section 8(b) of the FDIA, 12 U.S.C.S. § 1818(b) (Supp. 1992) (and what was formerly Section 407(e) of the National Housing Act of 1934, 12 U.S.C. § 1730(e) (Supp. 1987)).

3. <u>CONSENT</u>

Culpepper consents to the issuance by the OTS of the Order. Culpepper further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

4. <u>FINALITY</u>

The Order is issued under Section 8(b) of the FDIA, 12 U.S.C.S. § 1818(b) (Supp. 1992). Upon its issuance by the Regional Director, it shall be a final order, effective and fully enforceable by the OTS under the provisions of Section 8(i) of the FDIA, 12 U.S.C.S. § 1818(i) (Supp. 1992).

5. WAIVERS

Culpepper waives his right to a notice of charges and the administrative hearing provided by Section 8(b) of the FDIA, 12 U.S.C.S. § 1818(b) (Supp. 1992), and further waives any right to seek judicial review of the Order, including, but not limited to, any such right provided by Section 8(h) of the FDIA, 12 U.S.C.S. § 1818(h) (Supp. 1992), or otherwise to challenge the validity of the Order.

6. GENERAL PROVISIONS

(a) This Stipulation and Consent and the Order and compliance therewith do not compromise, settle, dismiss, resolve, or in any way affect any civil actions, charges against, or liability of Culpepper that arise pursuant to this action or otherwise, and that may be or has been brought by the Resolution Trust Corporation or any other governmental entity other than the OTS.

(b) Culpepper acknowledges and agrees that this proceeding and Culpepper's consent to the entry of the Order are for the purposes of resolving this OTS enforcement matter only, and do not resolve, affect or preclude any other civil or criminal proceeding which may be or has been brought against Culpepper by the OTS or another governmental entity.

(c) References in this Stipulation and Consent and in the corresponding Order to provisions of statutes and regulations shall, unless the context thereof clearly indicates otherwise, include all references to all amendments thereto.

WHEREFORE, in consideration of the foregoing, the OTS, by and through its Regional Director and John C. Culpepper, Jr., execute this Stipulation and Consent to the Entry of a Cease and Desist Order.

OFFICE OF THRIFT SUPERVISION

BY: /s/
FREDERICK R. CASTEEL
REGIONAL DIRECTOR
MIDWEST REGIONAL OFFICE
DALLAS, TEXAS

BY: /s/
JOHN C. CULPEPPER, JR.

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

IN THE MATTER OF JOHN C. CULPEPPER, JR., FORMER CHAIRMAN OF THE BOARD OF DIRECTORS OF HOMESTEAD SAVINGS ASSOCIATION OF TEXAS COLLEGE STATION, TEXAS	)	RESOLUTION NO. DAL-92-78 DATED: December 30, 1992

ORDER TO CEASE AND DESIST

WHEREAS, John C. Culpepper, Jr. ("Culpepper"), has executed a Stipulation and Consent to the Entry of a Cease and Desist Order, which is incorporated herein by reference ("Stipulation") and is accepted and approved by the Office of Thrift Supervision ("OTS"), by and through its Regional Director for the Midwest Regional Office of the OTS, or his successor or designee ("Regional Director"); and

WHEREAS, Culpepper, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act, ("FDIA"), 12 U.S.C.S. § 1818(b) (Supp. 1992);

NOW THEREFORE, IT IS ORDERED that:

1. Culpepper shall cease and desist from engaging in, or contributing to the cause of, any violation of Section 11 of the Home Owners' Loan Act ("HOLA"), 12 U.S.C.S. § 1468 (1992), and regulations adopted thereunder: 12 C.F.R. §§ 563.40, 563.41, 563.42, and 563.43; subsections (g) and (h) of Section 22 of the Federal Reserve Act ("FRA"), 12 U.S.C.S. §§ 375a and 375b (1992), and their implementing

regulations, applicable sections of 12 C.F.R. Part 215; and Sections 23A and 23B of the FRA, 12 U.S.C.S. §§ 371c and 371c-1 (1992), respectively.

2. Without the prior written approval of the Regional Director, Culpepper may not hold any office in, serve as a director for, or participate in any manner in the conduct of the affairs of Homestead Savings Association of Texas, College Station, Texas, or any holding company or service corporation thereof.

3. Without the prior written approval of the Regional Director and, if appropriate, another Federal financial institutions regulatory agency, as that term is defined in Section 8(e)(7)(D) of the FDIA, 12 U.S.C.S. § 1818(e)(7)(D) (Supp. 1992), Culpepper may not hold any office in, serve as a director for, or participate in any manner in the conduct of the affairs of, any institution or other entity of a type listed in Section 8(e)(7)(A)(i)-(vii) of the FDIA, 12 U.S.C.S. § 1818(e)(7)(A)(i)-(vii) (Supp. 1992), hereinafter referred to as a "Covered Institution", or otherwise engage in any activity described in Section 8(e)(6)(A)-(D) of the FDIA, 12 U.S.C.S. § 1818(e)(6)(A)-(D) (Supp. 1992). Conduct prohibited by this Order includes, inter alia, the solicitation, transfer or exercise of any voting rights with respect to any securities issued by any insured depository institution.

4. Nothing in this Order, however, restricts Culpepper from any of the following activities, even though such activities may involve or relate to a Covered Institution:

(a) (i) being a customer, as a depositor or borrower, of a Covered Institution; or

(ii) owning stock in an amount less than would constitute a controlling interest pursuant to Section 7(j) of the FDIA, 12 U.S.C.S. § 1817(j) (Supp. 1992), or 12 C.F.R. Part 574 in a Covered Institution;

Provided, however, that any such activity pursuant to subparagraphs (i) or (ii) may not be performed in a manner that would make Culpepper an "institution-affiliated party" as that term is defined at Section 3(u) of the FDIA, 12 U.S.C.S. § 1813(u) (Supp. 1992); or

(b) serving as an independent contractor to a Covered Institution, on an arms-length basis, in the sale, purchase or provision of goods or services other than advice, consultation, or management, provided that, in doing so, he does not participate in, or cause, a violation of law or regulation, a breach of fiduciary duty, or an unsafe or unsound practice.

5. The Stipulation is made a part hereof and is incorporated herein by this reference.

6. (a) In case any provision in this Order is ruled to be invalid, illegal or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion, determines otherwise.

(b) To the extent that any provision of the Federal Deposit Insurance Corporation Improvement Act of 1991, Pub. L. No. 102-242, 105 Stat. 2236, 2355, and 2359 ("FDICIA"), or any regulation(s) promulgated thereunder imposes more restrictive requirements than any provision contained in this Order (either expressly or through OTS interpretive Bulletins or policy statements), such provision(s) of the FDICIA or such regulation(s) shall be controlling.

(c) References herein to statutory and regulatory provisions shall be deemed to include all amendments thereto as have been made and as shall be made in the future.

7. All technical words or terms used in this Order for which meanings are not specified or otherwise provided by the provisions of this Order shall, insofar as applicable, have meanings as defined in Chapter V of Title 12 of the Code of Federal Regulations, HOLA, the FDIA, or OTS Memoranda. Any such technical words or terms used in this Order and undefined in said Code of Federal Regulations, HOLA, FDIA, or OTS Memoranda shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

This Order shall remain in effect until terminated or suspended by the OTS, acting through the Regional Director. Culpepper may make a written request to the Regional Director for termination of this Order. The Regional Director may, at his or her sole discretion, terminate or suspend this Order or any provision hereof.

THE OFFICE OF THRIFT SUPERVISION

By: /s/
Frederick R. Casteel
Regional Director
Midwest Regional Office
Dallas, Texas