

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)	Order No.: WN-10-16
)	
WOODFOREST BANK)	Effective Date: April 23, 2010
)	
Refugio, Texas)	
OTS Docket No. 18047)	

ORDER TO CEASE AND DESIST

WHEREAS, Woodforest Bank, Refugio, Texas, OTS Docket No. 18047 (Association), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist (Stipulation); and

WHEREAS, the Association, by executing the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist (Order) by the Office of Thrift Supervision (OTS) pursuant to 12 U.S.C. § 1818(b); and

WHEREAS, pursuant to delegated authority, the OTS Regional Director for the Western Region (Regional Director) is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order.

NOW, THEREFORE, IT IS ORDERED that:

Compliance with Laws and Regulations.

1. The Association and its directors, officers, employees, and agents shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about,

participating in, counseling, or the aiding and abetting unsafe or unsound practices, including, but not limited to, the following:

- (a) failing adequately to identify, monitor, and control the risks inherent in the Association's Privilege Pay overdraft protection program;
- (b) failing to ensure that the Association has a compliance management program that is effective and comprehensive;
- (c) originating loans that are considered by the Association, at the time of origination, to be uncollectible and to have a low probability of repayment;
- (d) engaging in activities that risk the erosion of the Association's capital to unacceptable levels; and
- (e) operating under a business model that relies upon an unreasonably high level of aggregate fees.

2. The Association and its directors, officers, employees, and agents shall also cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling, or the aiding and abetting violations of the following laws or regulations:

- (a) 15 U.S.C. § 45(a)(1) (unfair or deceptive acts or practices in or affecting commerce);
- (b) 12 C.F.R. § 205.10(e) or 15 U.S.C. § 1693k (conditioning credit on repayment by preauthorized electronic fund transfers); and
- (c) 12 C.F.R. § 563.27 (advertising or representations that are inaccurate or constitute misrepresentation).

Business Plan.

3. By June 15, 2010, the Association shall submit a new, written, comprehensive, three-year business plan (Business Plan) for the period of July 1, 2010 to July 1, 2013, that is acceptable to the Regional Director. At a minimum, the Business Plan shall include:

- (a) plans and strategies to restructure the Association's operations to ensure the Association's compliance with this Order;
- (b) plans and strategies to diversify the products and services the Association offers in order to reduce reliance on fee income and in order to diversify its sources of income;
- (c) quarterly pro forma financial projections (balance sheet, capital forecasts, and income statement); and
- (d) identification of all relevant assumptions made in formulating the Business Plan and retention of documentation supporting such assumptions.

4. Upon receipt of written notification from the Regional Director that the Business Plan is acceptable, the Association shall implement and adhere to the Business Plan.

5. Any material modifications¹ to the Business Plan must receive the prior written notice of non-objection of the Regional Director. The Association shall submit proposed material modifications to the Regional Director at least forty-five (45) days prior to implementation.

6. Within thirty (30) days after the end of each calendar quarter, beginning with the calendar quarter ending June 30, 2010, the Board shall review quarterly variance reports on the Association's compliance with the Business Plan (Variance Reports). The Variance Reports

¹ A modification shall be considered material under this Paragraph of the Order if the Association plans to: (a) engage in any activity that is inconsistent with the Business Plan; or (b) exceed the level of any activity contemplated in the Business Plan or fail to meet target amounts established in the Business Plan by more than ten percent (10%), unless the activity involves assets risk-weighted fifty percent (50%) or less, in which case a variance of more than twenty-five percent (25%) shall be deemed to be a material modification.

shall:

- (a) identify material variances in the Association's actual performance during the preceding quarter as compared to the projections set forth in the Business Plan;
- (b) contain an analysis and explanation of identified variances; and
- (c) discuss the specific measures taken or to be taken to address identified variances.

7. The Board's review of the Variance Reports, assessment of the Association's compliance with the Business Plan, and corrective actions taken or to be taken by the Board shall be fully documented in the Board meeting minutes. A copy of the Variance Reports and the Board meeting minutes detailing the Board's review shall be provided to the Regional Director within ten (10) days after the Board meeting.

Capital.

8. (a) Effective immediately, the Association shall have and thereafter maintain a Tier 1 Core Capital Ratio equal to or greater than seven and three quarters percent (7.75%) and a Total Risk-Based Capital Ratio equal to or greater than twelve percent (12%).
- (b) The requirement in Paragraph 8(a) to meet and maintain a specific capital level means that the Association may not be deemed to be "well-capitalized" for purposes of 12 U.S.C. § 1831o and 12 C.F.R. Part 565 pursuant to 12 C.F.R. § 565.4(b)(1)(iv).

Liquidity Contingency Plan.

9. By June 15, 2010, the Association shall submit a plan addressing liquidity and funds management policies and procedures (Liquidity Contingency Plan) acceptable to the Regional Director and that, at a minimum, shall:

- (a) incorporate applicable regulatory guidance;

- (b) provide pro forma cash flow projections detailing all anticipated sources and uses of funds that are based on a best-case scenario, a worst-case scenario, and a most probable case scenario, considering stressful events such as a loss of wholesale funding, a significant run-off of deposits, or a sharp increase in funding costs;
- (c) include a cash flow analysis that:
 - (i) contains reasonable and supported assumptions;
 - (ii) identifies anticipated funding needs under varying economic and market conditions and scenarios;
 - (iii) discusses the funding sources to meet identified funding needs and contingent liabilities;
 - (iv) identifies those funding sources the availability of which might be impacted by the Association's financial condition; and
 - (v) addresses the Association's borrowing capacity from the Federal Reserve Bank (FRB) and the Federal Home Loan Bank (FHLB) and the collateral requirements for borrowings from the FRB and the FHLB;
- (d) identify alternative funding sources for meeting extraordinary demands against its funding base in the event the sources identified in Subparagraph 9(c) above are insufficient;
- (e) establish a minimum ratio of liquid assets to total assets; and
- (f) provide for periodic testing of the availability of funding sources and periodic liquidity stress testing and scenario analysis.

10. Within thirty (30) days of receipt of written notification from the Regional Director that the Liquidity Contingency Plan is acceptable, the Association shall immediately implement the

Liquidity Contingency Plan. A copy of the Board meeting minutes reflecting the Board's discussion and adoption of the Liquidity Contingency Plan shall be provided to the Regional Director within ten (10) days after the Board meeting.

11. Within five (5) days of the Association's receipt of any correspondence from the FHLB or the FRB imposing restrictions on the Association's borrowing capacity or requiring additional collateral, the Association shall submit a copy of such correspondence to the Regional Director.

12. Following the adoption of the Liquidity Contingency Policy by the Board, Management² shall prepare and submit to the Board for review a written monthly assessment of the Association's current liquidity position (Liquidity Report). The Liquidity Report shall address:

- (a) an analysis of the continuing availability and volatility of present funding sources;
- (b) an analysis of the impact of decreased cash flow from operations;
- (c) an analysis of the impact of any contingent liabilities;
- (d) the ratio of unpledged collateral to net unused borrowing capacity at the FHLB and the FRB;
- (e) the ratio of liquid assets to total assets;
- (f) the ratio of volatile liabilities to total assets; and
- (g) a liquidity gap analysis over defined time intervals.

Any corrective actions adopted by the Board in response to its consideration of the Liquidity Reports shall be fully documented in the Board meeting minutes.

² For purposes of this Order, the term "Management" is defined as one or more "senior executive officers" as that term is defined in the singular at 12 C.F.R. § 563.555.

Overdraft Program.

13. By April 23, 2010, the Board shall submit a new plan (Overdraft Plan) to govern overdraft programs offered by the Association that is acceptable to the Regional Director. The Overdraft Plan shall, at a minimum:

- (a) set forth all aspects of each overdraft program to be offered by the Association, including without limitation the standards under which a customer qualifies for the program; limitations on fees and the numbers of transactions on which fees may be charged; and disclosures, marketing, promotional materials, contract provisions, terms, account management, monitoring, internal controls, and implementation associated with the overdraft programs;
- (b) comply with the provisions of this Order and with all applicable laws, regulations, and OTS guidance, including without limitation, Regulation E of the Board of Governors of the Federal Reserve System, 12 C.F.R. Part 205;
- (c) ensure that the Association shall not:
 - (i) use marketing or promotional materials with misleading express or implied representations that a deposit account product is suitable for consumers who have mishandled their credit or bank accounts in the past, while omitting information about such accounts that make them unsuitable for such consumers;
 - (ii) promote or market deposit account products as being free or having low cost features while omitting information concerning costs, including costs of overdraft programs;
 - (iii) provide information about an overdraft program or deposit accounts with overdraft functions that contain unclear or misleading disclosures about

ineligibility, suspension, or reinstatement of deposit accounts from the overdraft program;

(iv) fail to impose limits, acceptable to the Regional Director, on aggregate overdraft fees assessed against account holders; or

(v) fail to provide consumers overdrawn on their deposit accounts with a reasonable opportunity to cease the imposition of additional daily fees merely for the continued overdrawn nature of their accounts; and

(d) address all deficiencies noted in the Report of Examination for the OTS examination of the Association issued on February 22, 2010.

14. The Association shall immediately and thereafter implement and adhere to the Overdraft Plan.

15. By April 23, 2010, the Board shall submit a Remuneration Plan, acceptable to the Regional Director, that provides for restitution to existing and closed account holders harmed by the Association's overdraft protection program since January 2, 2008. The Remuneration Plan of April 23, 2010 shall identify the methodology and total dollar amount of restitution that account holders will receive. By May 31, 2010, the Association shall provide the Regional Director with a list of the account holders who shall receive restitution and shall specify the amount of restitution that account holders will receive. The Remuneration Plan of April 23, 2010 and the account holder list are both incorporated by reference into this Order. Accordingly, any violation of the Remuneration Plan is a violation of this Order.

16. The Remuneration Plan shall provide that each payment made to an account holder pursuant to the Remuneration Plan will be accompanied by a notice to the account holder that the payment is being made pursuant to a cease and desist order issued on the Association by the

OTS.

17. The Remuneration Plan shall not impose any condition on any account holder in order to receive relief under the Remuneration Plan.

18. By June 23, 2010, the Association shall provide to account holders qualified to receive payments under the Remuneration Plan all payments required under the Remuneration Plan.

19. By July 8, 2010, the Association shall submit to the Regional Director a written report listing all payments that have been made under the Remuneration Plan, including account-identification information for account holders who received payments and supporting calculations for the payment amounts.

Extensions of Credit Conditioned on Repayment by Preauthorized Electronic Fund Transfer.

20. Effective immediately, the Association shall not make any extensions of credit conditioned on repayment by preauthorized electronic fund transfer other than loans that comply with Section 205.10(e) of Regulation E of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 205.10(e).

Growth.

21. Effective immediately, the Association shall not increase its total assets during any quarter in excess of an amount equal to net interest credited on deposit liabilities during the prior quarter without the prior written notice of non-objection of the Regional Director except as addressed in the Business Plan required by Paragraph 3 above following the issuance by the Regional Director of a written notice of non-objection to the Business Plan.

Brokered Deposits.

22. Effective immediately, the Association shall comply with the requirements of 12 C.F.R. §

337.6(b).

23. Within thirty (30) days, the Association shall develop an internal system to monitor the interest rates offered on all interest bearing accounts for compliance with 12 C.F.R. § 337.6(b).

Dividends.

24. Effective immediately, the Association shall not declare or pay dividends or make any other capital distributions, as that term is defined in 12 C.F.R. § 563.141, without receiving the prior written approval of the Regional Director. The Association's written request for written approval should be submitted to the Regional Director at least thirty (30) days prior to the anticipated date of the proposed declaration, dividend payment or distribution of capital.

Transactions with Affiliates.

25. Effective immediately, the Association shall not engage in any transaction with an affiliate unless, with respect to each such transaction, the Association has complied with the notice requirements set forth in 12 C.F.R. § 563.41(c)(4), which shall include the information set forth in 12 C.F.R. § 563.41(c)(3). The Board shall ensure that any transaction with an affiliate for which notice is submitted pursuant to this Paragraph 25 complies with the requirements of 12 C.F.R. § 563.41 and Regulation W, 12 C.F.R. Part 223.

Directorate and Management Changes.

26. Effective immediately, the Association shall comply with the prior notification requirements for changes in directors and Senior Executive Officers³ set forth in 12 C.F.R. Part 563, Subpart H.

Employment Contracts and Compensation Arrangements.

³ The term "Senior Executive Officer" is defined at 12 C.F.R. § 563.555.

27. Effective immediately, the Association shall not enter into, renew, extend or revise any contractual arrangement relating to compensation or benefits for any Senior Executive Officer or director of the Association, unless it first provides the OTS with not less than thirty (30) days prior written notice of the proposed transaction. The notice to the OTS shall include a copy of the proposed employment contract or compensation arrangement or a detailed, written description of the compensation arrangement to be offered to such officer or director, including all benefits and perquisites. The Board shall ensure that any contract, agreement or arrangement submitted to the OTS fully complies with the requirements of 12 C.F.R. Part 359, 12 C.F.R. §§ 563.39 and 563.161(b), and 12 C.F.R. Part 570 – Appendix A.

Severance and Indemnification Payments.

28. Effective immediately, the Association shall not make any golden parachute payment⁴ or any prohibited indemnification payment⁵ unless, with respect to each such payment, the Association has complied with the requirements of 12 C.F.R. Part 359 and, as to indemnification payments, 12 C.F.R. § 545.121.

Third Party Contracts.

29. Effective immediately, the Association shall not enter into any arrangement or contract with a third party service provider that is significant to the overall operation or financial condition of the Association⁶ or outside the Association's normal course of business unless, with respect to each such contract, the Association has: (a) provided the Regional Director with a minimum of thirty (30) days prior written notice of such arrangement or contract; (b) determined

⁴ The term "golden parachute payment" is defined at 12 C.F.R. § 359.1(f).

⁵ The term "prohibited indemnification payment" is defined at 12 C.F.R. § 359.1(l).

⁶ A contract will be considered significant to the overall operation or financial condition of the Association where the annual contract amount equals or exceeds two percent (2%) of the Association's total capital.

that the arrangement or contract complies with the standards and guidelines set forth in OTS Thrift Bulletin 82a; and (c) received written notice of non-objection from the Regional Director.

Board Compliance Committee.

30. Within thirty (30) days, the Board shall appoint a committee to monitor and coordinate the Association's compliance with the provisions of this Order and the completion of all corrective actions required in the Report of Examination for the OTS examination of the Association issued on February 22, 2010 (Regulatory Compliance Committee). The Regulatory Compliance Committee shall have three (3) or more directors, the majority of whom shall be independent⁷ directors.

31. Within thirty (30) days after the end of each calendar quarter, beginning with the quarter including the Effective Date of this Order, the Regulatory Compliance Committee shall submit a written compliance program to the Board (Compliance Report). The Compliance Report shall, at a minimum:

- (a) separately list each corrective action required by this Order, including the paragraph number for each corrective action in the Order, and the Matters Requiring Board Attention section of the Report of Examination for the OTS examination of the Association issued on February 22, 2010;

⁷ For purposes of this Order, an individual who is "independent" with respect to the Association shall be an individual who:

- (a) is not employed in any capacity by the Association, its subsidiaries, or any of its affiliates, other than as a director;
- (b) does not own or control more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates;
- (c) is not related by blood or marriage to any officer or director of the Association or any of its affiliates, or to any shareholder owning more than ten percent (10%) of the outstanding shares of the Association or any of its affiliates, and who does not otherwise share a common financial interest with any such officer, director or shareholder; and
- (d) is not indebted, directly or indirectly, to the Association or any of its affiliates, including the indebtedness of any entity in which the individual has a substantial financial interest, in an amount exceeding ten percent (10%) of the Association's Tier 1 capital and Allowance for Loan and Lease Losses.

- (b) identify the required or anticipated completion date for each corrective action; and
- (c) discuss the current status of each corrective action, including the action(s) taken or to be taken to comply with each corrective action.

32. The Board shall review the Compliance Report and all reports required to be prepared by this Order. Following its review, the Board shall adopt a resolution: (a) certifying that each director has reviewed the Compliance Report and all required reports; and (b) documenting any corrective actions adopted by the Board. A copy of the Compliance Report and the Board resolution shall be provided to the Regional Director within ten (10) days after the Board meeting. Nothing contained herein shall diminish the responsibility of the entire Board to ensure the Association's compliance with the provisions of this Order.

Effective Date, Incorporation of Stipulation.

33. This Order is effective on the Effective Date as shown on the first page. The Stipulation is made a part hereof and is incorporated herein by this reference.

Duration.

34. This Order shall remain in effect until terminated, modified, or suspended by written notice of such action by the OTS, acting by and through its authorized representatives.

Time Calculations.

35. Calculation of time limitations for compliance with the terms of this Order run from the Effective Date and shall be based on calendar days, unless otherwise noted.

36. The Regional Director, or an OTS authorized representative, may extend any of the deadlines set forth in the provisions of this Order upon written request by the Association that includes reasons in support for any such extension. Any OTS extension shall be made in writing.

Submissions and Notices.

37. All submissions, including any reports, to the OTS that are required by or contemplated by this Order shall be submitted within the specified timeframes.

38. Except as otherwise provided herein, all submissions, requests, communications, consents or other documents relating to this Order shall be in writing and sent by first class U.S. mail (or by reputable overnight carrier, electronic facsimile transmission or hand delivery by messenger) addressed as follows:

- (a) To the OTS:
Regional Director C.K. Lee
Attention: Assistant Director Dennis Havener
225 E. John Carpenter Freeway, Suite 500
Irving, TX 75062-2326
Fax: (972) 277-9501

with a copy to:
Assistant Director Laura Fiene
2001 Junipero Serra Blvd., Suite 650
Daly City, CA 94014-3897
Fax: (650) 746-7001

- (b) To the Association:
Attention: Jay Dreibelbis, Chief Executive Officer
Woodforest Bank
1330 Lake Robbins Drive, Suite 150
The Woodlands, TX 77380
Fax: (832) 375-3023

with copy to:
Attention: Robert E. Marling, Jr. Chairman of the Board
1330 Lake Robbins Drive, Suite 100
The Woodlands, TX 77380
Fax: (832) 375-3022

No Violations Authorized.

39. Nothing in this Order or the Stipulation shall be construed as allowing the Association, its Board, officers, or employees to violate any law, rule, or regulation.

IT IS SO ORDERED.

OFFICE OF THRIFT SUPERVISION

By: _____/s/_____

C. K. Lee
Regional Director, Western Region

Date: See Effective Date on page 1

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

_____)	
In the Matter of)	Order No.: WN-10-16
)	
WOODFOREST BANK)	Effective Date: April 23, 2010
)	
Refugio, Texas)	
OTS Docket No. 18047)	
_____)	

STIPULATION AND CONSENT TO ISSUANCE OF ORDER TO CEASE AND DESIST

WHEREAS, the Office of Thrift Supervision (OTS), acting by and through its Regional Director for the Western Region (Regional Director), and based upon information derived from the exercise of its regulatory and supervisory responsibilities, has informed Woodforest Bank, Refugio, Texas, OTS Docket No. 18047 (Association), that the OTS is of the opinion that grounds exist to initiate an administrative proceeding against the Association pursuant to 12 U.S.C. § 1818(b);

WHEREAS, the Regional Director, pursuant to delegated authority, is authorized to issue Orders to Cease and Desist where a savings association has consented to the issuance of an order; and

WHEREAS, the Association desires to cooperate with the OTS to avoid the time and expense of such administrative cease and desist proceeding by entering into this Stipulation and Consent to the Issuance of Order to Cease and Desist (Stipulation) and, without admitting or denying that such grounds exist, but only admitting the statements and conclusions in Paragraphs

1 and 2 below concerning Jurisdiction, hereby stipulates and agrees to the following terms:

Jurisdiction.

1. The Association is a “savings association” within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, the Association is “an insured depository institution” as that term is defined in 12 U.S.C. § 1813(c).

2. Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the “appropriate Federal banking agency” with jurisdiction to maintain an administrative enforcement proceeding against a savings association. Therefore, the Association is subject to the authority of the OTS to initiate and maintain an administrative cease and desist proceeding against it pursuant to 12 U.S.C. § 1818(b).

OTS Findings of Fact.

3. Based on its Report of Examination of the Association issued on February 22, 2010, the OTS finds that the Association has engaged in unsafe or unsound practices as follows:

- (a) failing to adequately identify, monitor, and control the risks inherent in the Association’s Privilege Pay overdraft protection program;
- (b) failing to ensure that the Association’s compliance management program was effective and comprehensive;
- (c) originating loans that were considered by the Association, at the time of origination, to be uncollectible and to have a low probability of repayment;
- (d) engaging in activities that risk the erosion of the Association's capital to unacceptable levels; and
- (e) operating under a business model that relies upon an unreasonably high level of aggregate fees.

4. Based on its Report of Examination of the Association issued on February 22, 2010, the OTS finds that the Association also violated the following laws or regulations:

- (a) 15 U.S.C. § 45(a)(1) (unfair or deceptive acts or practices in or affecting commerce);
- (b) 12 C.F.R. § 205.10(e) and 15 U.S.C. § 1693k (conditioning credit on repayment by preauthorized electronic fund transfers); and
- (c) 12 C.F.R. § 563.27 (advertising or representations that are inaccurate or constitute misrepresentation).

Consent.

5. The Association consents to the issuance by the OTS of the accompanying Order to Cease and Desist (Order). The Association further agrees to comply with the terms of the Order upon the Effective Date of the Order and stipulates that the Order complies with all requirements of law.

Finality.

6. The Order is issued by the OTS under 12 U.S.C. § 1818(b). Upon the Effective Date, the Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

Waivers.

7. The Association waives the following:

- (a) the right to be served with a written notice of the OTS's charges against it as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;
- (b) the right to an administrative hearing of the OTS's charges as provided by 12 U.S.C. § 1818(b) and 12 C.F.R. Part 509;

(c) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order; and

(d) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs, or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, federal statutes, or otherwise.

OTS Authority Not Affected.

8. Nothing in this Stipulation or accompanying Order shall inhibit, estop, bar, or otherwise prevent the OTS from taking any other action affecting the Association if at any time the OTS deems it appropriate to do so to fulfill the responsibilities placed upon the OTS by law.

Other Governmental Actions Not Affected.

9. The Association acknowledges and agrees that its consent to the issuance of the Order is solely for the purpose of resolving the matters addressed herein, consistent with Paragraph 8 above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of the Association that arise pursuant to this action or otherwise, and that may be or have been brought by any governmental entity other than the OTS.

Miscellaneous.

10. The laws of the United States of America shall govern the construction and validity of this Stipulation and of the Order.

11. If any provision of this Stipulation and/or the 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.

12. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns.

13. The section and paragraph headings in this Stipulation and the Order are for convenience only and shall not affect the interpretation of this Stipulation or the Order.

14. The terms of this Stipulation and of the Order represent the final agreement of the parties with respect to the subject matters thereof, and constitute the sole agreement of the parties with respect to such subject matters.

15. The Stipulation and Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Regional Director or other authorized representative.

Signature of Directors/Board Resolution.

16. Each Director signing this Stipulation attests that he or she voted in favor of a Board Resolution authorizing the consent of the Association to the issuance of the Order and the execution of the Stipulation. This Stipulation may be executed in counterparts by the directors after approval of execution of the Stipulation at a duly called board meeting.

[Remainder of Page Intentionally Left Blank]

WHEREFORE, the Association, by its directors, executes this Stipulation.

Accepted by:

WOODFOREST BANK
Refugio, Texas

OFFICE OF THRIFT SUPERVISION

By: _____ /s/
Robert E. Marling, Jr.
Chairman

By: _____ /s/
C. K. Lee
Regional Director, Western Region

Date: See Effective Date on page 1

_____/s/
Michael H. Richmond, Director

_____/s/
Kenneth H. Babcock, Director

_____/s/
Robert H. Peterson, Director

_____/s/
B. J. Westbrook, Director