



**Comptroller of the Currency
Administrator of National Banks**

Southern District Licensing
500 North Akard, Suite 1600
Dallas, Texas 75201-3323

**Conditional Approval #1036
July 2012**

June 19, 2012

Tyson Abston
COB/Chief Executive Officer
Guaranty Bond Bank
100 W. Arkansas
Mt. Pleasant, Texas 75455

Re: Conversion Application; CAIS Control No. 2012-SO-01-0001

Dear Mr. Abston:

The Comptroller of the Currency ("OCC") has reviewed your request, dated January 11, 2012, to convert Guaranty Bond Bank, Mount Pleasant, Texas to a national bank and retain all its branches. After a thorough review of all information available, including the representations and commitments made in the application and by the bank's representatives, we find that your request meets the requirements for conditional approval to convert to a national banking association pursuant to 12 U.S.C. §35 and 12 C.F.R. §5.24 as follows:

Title: Guaranty Bond Bank, National Association ("GBB or the Bank")
Location: 100 W. Arkansas, Mount Pleasant, Texas 75455

This conversion approval is subject to the following conditions:

1. The Bank: (i) shall give the Longview Field Office at least sixty (60) days prior notice of the Bank's intent to significantly deviate or change from its business plan or operations and (ii) shall obtain the OCC's written determination of no objection before GBB engages in any significant deviation or change from its business plan or operations.¹ The OCC may impose additional conditions it deems appropriate in a written determination of no objection to GBB's notice. This condition shall remain in effect for three years from date of consummation.

¹ For purposes of this Significant Deviation Requirement, the phrase "significantly deviate" and "significant deviation" shall be construed in light of the guidance provided in Appendix G (Significant Deviations After Opening) of the "Charters" booklet of the *Comptroller's Licensing Manual* (February 2009), and any subsequent revisions. The requirement that the Bank obtain the OCC's prior written determination of no supervisory objection to a significant deviation does not apply to transactions for which the Bank is required by statute or regulation to seek formal prior written OCC approval or no objection.

2. The Bank shall take the steps necessary to ensure that the commitments set forth in the June 14, 2012, letter from Tyson Abston, Chairman of the Board and Chief Executive Officer to the OCC, are fully adopted, timely implemented and adhered to thereafter.

The conditions of this approval are conditions “imposed in writing by the agency in connection with the granting of any application or other request” within the meaning of 12 U.S.C. § 1818 and, as such, are enforceable under 12 U.S.C. § 1818.

The OCC approves GBB’s plans to continue to operate Guaranty Company, Inc. (“GCI”) as a statutory subsidiary. GCI has three properties that are held as bank premises. The portfolio consists of three tracts of real estate, and each has an ATM. GBB may retain this subsidiary or give it to the holding company before conversion. Should a decision be made to retain the subsidiary, the Bank will have two years from the date of conversion to bring the Sulphur Springs, Texas and Mount Pleasant, Texas properties into compliance with applicable statutory and regulatory guidance concerning the use of real property held for bank use, including but not necessarily limited to 12 U.S.C. § 29 and § 371d and 12 C.F.R. § 34.84.

The OCC approves GBB’s plans to continue to hold Guaranty Leasing Company, Inc. (“GLC”), Pin Oak Realty Holdings, Inc. (“Pin Oak”), and GB COM, Inc. (“GB COM”) as operating subsidiaries. GLC is an inactive subsidiary that previously held various leases. The Bank may dissolve GLC or submit to the OCC any applicable notice or application, as required by 12 C.F.R. § 5.34, prior to re-activating the subsidiary with new leases. Pin Oak is an active subsidiary with primary activities which include holding and managing assets acquired by the parent bank, including investment assets and property acquired by the bank through foreclosure or otherwise in good faith to compromise a doubtful claim, or in the ordinary course of collecting a debt previously contracted and acquiring and holding bank premises for future expansion. Pin Oak currently holds two parcels of property as bank premises for future expansion. The Bank must ensure that these properties are held in compliance with applicable statutory and regulatory guidance concerning the use of real property held for bank use, including but not necessarily limited to 12 U.S.C. § 29 and § 371d and 12 C.F.R. § 34.84. GB COM is a trust department nominee company, whose sole purpose to hold assets owned by GBB in its fiduciary capacity.

The OCC also approves GBB’s plans to continue the activities in Valesco Commerce Street Capital L.P. (“Valesco”) and Independent Bankers Capital Fund II, L.P. (“IBCF”), the Bank’s statutory subsidiaries. Valesco and IBCF are both organized for the purpose of operating as small business investment companies under the SBIC Act. GBB owns approximately 0.87% of Valesco. GBB owns approximately 4.75% of the private capital portion of IBCF.

This letter is also the approval to retain the non-controlling interest in Oak Tree Title, LLC. GBB owns an 80% equity ownership interest in Oak Tree Title, which owns 100% of Greene Title & Abstract. The OCC also approves GBB to retain its non-controlling interest in Independent Bank Service, L.C. GBB owns a 25% interest in Independent Bank Service, L.C., which provides audit, compliance, and loan review services to banks. GBB may also retain its non-controlling investment in The Independent Bankers Bank (“TIB”). GBB owns 13,561 shares of common stock of TIB.

The OCC has approved your proposal to continue to conduct fiduciary powers pursuant to 12 U.S.C. § 92a. If the Bank decides to surrender its fiduciary powers, it should notify the OCC in accordance with 12 C.F.R. § 9.17(a).

All bank premises and fixed assets should be depreciated annually on the bank's books in accordance with generally accepted accounting principles, and all leases should be accounted for in accordance with Financial Accounting Standards Board Statement No. 13.

This letter constitutes official OCC authorization to operate the branches on the attached list.

You are reminded that the following items must be satisfactorily addressed on or before the effective date of the conversion:

1. If a director, officer, employee, or principal shareholder of the bank (including an entity in which such person owns an interest of 10 percent or more) is involved in the sale of credit life insurance to loan customers, the bank should ensure compliance with 12 C.F.R. Part 2, which among other things, prohibits a covered person from retaining commissions or other income from the sale of credit life insurance connected with any loan the bank makes.
2. GBB has represented that it intends to maintain its membership in the Federal Home Loan Bank ("FHLB") system. If, at any time, GBB ceases to be a member of the FHLB system, it must use its best efforts, including contacting the appropriate FHLB or the Federal Housing Finance Board, to dispose of any stock in the FHLB. The OCC will consider this stock a nonconforming asset for any period that GBB is not a member of the FHLB system.
3. The board of directors must adopt and have in place policies, practices, and procedures to ensure the safe and sound operation of the bank. The Board also must review those policies, practices, and procedures continually and ensure the bank's compliance with them. We are enclosing the Minimum Policies and Procedures for national banks.
4. The converting institution must apply to the Federal Reserve for membership.
5. The directors must own qualifying shares in conformance with 12 U.S.C. § 72 and 12 C.F.R. § 7.2005.
6. If the converting institution is subject to the Home Mortgage Disclosure Act ("HMDA"), the bank must ensure that its reporter identification number included on its HMDA transmittal sheet is changed to reflect its new OCC charter number.
7. The converting institution must notify the OCC if the facts described in the filing materially change at any time prior to consummation of the conversion.
8. The converting institution must ensure that all other required regulatory approvals have been obtained.

Upon completion of all steps required to convert to a national banking association, submit the "Conversion Completion Certification" (enclosed) certifying that you have done so.

When the institution has satisfactorily completed all of the above steps, the OCC will issue a Conversion Completion Acknowledgment officially authorizing the institution to commence business as a national banking association. At that time, you will receive the charter certificate. If the conversion is not consummated within six months from the date of the decision, the approval will automatically terminate unless the OCC grants an extension of the time period. The OCC is opposed to granting extensions, except under the most extenuating circumstances and expects the conversion to occur as soon as possible.

The OCC will send to you, under separate cover, an appropriate set of OCC handbooks, manuals, issuances, and selected other publications. This information does not include the *Comptroller's Licensing Manual*, which is available in electronic form on our Web site <http://www.occ.treas.gov/corpapps/corpapplic.htm>.

This conditional approval and the activities and communications by OCC employees in connection with the filing do not constitute a contract, express or implied, or any other obligation binding upon the OCC, the United States, any agency or entity of the United States, or any officer or employee of the United States, and do not affect the ability of the OCC to exercise its supervisory, regulatory and examination authorities under applicable law and regulations. Our conditional approval is based on the bank's representations, submissions, and information available to the OCC as of this date. The OCC may modify, suspend or rescind this approval if a material change in the information on which the OCC relied occurs prior to the date of the transaction to which this decision pertains. The foregoing may not be waived or modified by any employee or agent of the OCC or the United States.

A separate letter is enclosed requesting your feedback on how we handled the referenced application. We would appreciate your response so that we may improve our service. All correspondence regarding this application should reference the CAIS control number. If you have any questions, please contact Senior Licensing Analyst Brenda E. McNeese at (214) 720-7052.

Yours truly,

Karen H. Bryant

Karen H. Bryant
Director for District Licensing

Encl: Branch Listing
Minimum Policies and Procedures
Sample Conversion Completion Certification
Survey Letter