

WHEREAS, in connection with a previous matter, the staff of the Board of Governors had informed FBBI of the requirements of section 3(a)(3) of the Bank Holding Company Act, 12 U.S.C. § 1842(a)(3);

WHEREAS, FBBI has now transferred the shares it acquired in The Bank to Sharp;

WHEREAS, on June 13, 2006, the board of directors of FBBI adopted a resolution authorizing and directing an authorized representative or official of FBBI to enter into this Order on behalf of FBBI and consenting to compliance by FBBI and its institution-affiliated parties, as defined in sections 3(u) and 8(b)(3) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(3)) to comply with each and every provision of this Order; and

WHEREAS, FBBI, through its resolution, and Sharp, by affixing his signature hereunder, have consented and agreed to waive any and all rights that FBBI and Sharp may have pursuant to sections 8 and 9 of the Bank Holding Company Act, 12 U.S.C. §§ 1847 and 1848, and section 8 of the FDI Act, 12 U.S.C. § 1818, or otherwise:

- (i) to the issuance of a Notice of Charges and of Hearing or a Notice of Assessment of a Civil Money Penalty on any matter set forth in this Order;
- (ii) to a hearing for the purpose of taking evidence on any matter set forth in this Order;
- (iii) to judicial review of this Order; and

- (iv) to challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of this Order or any provisions hereof.

NOW, THEREFORE, before the filing of any Notice or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and without this Order constituting an admission or denial by FBBI and Sharp of any allegation made or implied by the Board of Governors in connection with this matter, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity of protracted or extended hearings or testimony and pursuant to the aforesaid resolution:

IT IS HEREBY ORDERED pursuant to section 8(b) of the Bank Holding Company Act and sections 8(b) and (i) of the FDI Act as follows:

CEASE AND DESIST ORDER

1. (a) FBBI shall not engage or participate, directly or indirectly, in any violation of the Bank Holding Company Act, 12 U.S.C. §§ 1841 et seq. or Regulation Y of the Board of Governors, 12 C.F.R. §§ 225.1, et seq.; and

(b) Sharp shall not, directly or indirectly, “violate” (as that term is defined in 12 U.S.C. § 1813(v)) the Bank Holding Company Act, 12 U.S.C. §§ 1841 et seq., or Regulation Y of the Board of Governors, 12 C.F.R. §§ 225.1, et seq.

2. No later than 60 days after the date of this Order, FBBI shall submit to the Federal Reserve Bank of Dallas (the “Reserve Bank”) acceptable written policies and procedures governing FBBI’s direct or indirect acquisitions of ownership or control of voting shares of any corporation, partnership, sole proprietorship, business trust, association, or similar organization. The written policies and procedures shall, at a

minimum, require that prior to acquiring direct or indirect control of the voting shares of such entities, FBBI must retain counsel with competency and experience in relevant regulatory areas to provide advice and assistance concerning necessary regulatory approvals and other applicable regulatory requirements or prohibitions.

3. No later than 60 days after the date of this Order, the board of directors of FBBI shall submit to the Reserve Bank an acceptable written plan to strengthen the board's oversight of FBBI's compliance with laws and regulations. The written plan, at a minimum, shall include the retention of an independent outside director to enhance such oversight.

4. The plan, policies and procedures referred to in paragraphs 2 and 3 above, shall be submitted to the Reserve Bank for review and approval. FBBI shall adopt the approved plan, policies and procedures within 10 days of approval by the Reserve Bank and, thereafter, FBBI shall fully comply with the approved plans, policies and procedures. During the term of this Order, the approved plan, policies and procedures shall not be amended or rescinded without the prior written approval of the Reserve Bank.

5. FBBI and Sharp shall not take any action, directly or indirectly, to cause or allow FBBI to acquire any shares of The Bank that, prior to the date of this Order, FBBI purchased and subsequently transferred to Sharp, without the prior written approval of the Board of Governors, which approval shall be subject to the sole discretion of the Board of Governors. Any acquisition by FBBI of shares of a financial institution other than The Bank shall be subject to the provisions of sections 3 or 4 of the Bank Holding

Company Act, 12 U.S.C. §§ 1841 et seq., and Regulation Y of the Board of Governors, 12 C.F.R. §§ 225.1, et seq.;

CIVIL MONEY PENALTIES

6. (a) Sharp is assessed a civil money penalty of \$87,500 which he shall pay from his personal funds, and FBBI may not, directly or indirectly, pay, advance, reimburse, or otherwise fund the penalty amount paid by Sharp; and

(b) FBBI is separately assessed and shall pay a civil money penalty of \$87,500.

7. Payment of these penalties shall be made prior to the date this Order becomes effective by Fedwire transfers to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, beneficiary, Board of Governors of the Federal Reserve System. The Board of Governors, or the Federal Reserve Bank of Richmond on its behalf, shall remit the funds to the United States Treasury, as required by statute upon the date this Order becomes effective.

MISCELLANEOUS

8. For purposes of this Order, the Board of Governors delegates to the Reserve Bank the authority to grant the approvals required by the Board of Governors pursuant to the provisions of this Order.

9. All communications regarding this Order shall be sent to:

With regard to the Federal Reserve System:

W. Arthur Tribble, Vice President
Supervision and Regulation
Federal Reserve Bank of Dallas
P.O. 655906
Dallas, TX 75265

