



BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM
WASHINGTON, D. C. 20551

ADDRESS OFFICIAL CORRESPONDENCE
TO THE BOARD

May 28, 1997

Mr. Newell Woolls, Jr.
President
Medina Bankshares, Inc.
501 Main Street
P.O. Box #338
D'Hanis, Texas 78850

Dear Mr. Woolls:

You have requested a determination that Winkler Family Holdings, LLP (the "Partnership") is a qualified family partnership under the Bank Holding Company Act, as amended by the Economic Growth and Regulatory Paperwork Reduction Act of 1996 (the "BHC Act").^{1/} The Partnership will own 22.98 percent of Medina Bankshares, Inc., D'Hanis, Texas ("Bankshares"), a one-bank holding company currently in formation.^{2/}

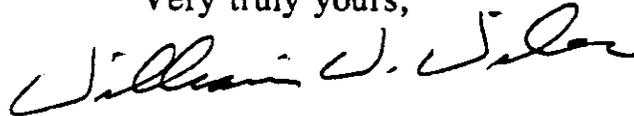
You have represented that the Partnership meets all of the conditions for eligibility as a qualified family partnership. You indicated that the partners of the Partnership are individuals who are related by blood, marriage, or adoption, or trusts for the primary benefit of those individuals. You also indicated that the Partnership will control a bank only through its control of Bankshares, that it does not engage in any other business activities, that it has no investments other than its interest in Bankshares, and that it is not obligated on any debt. The Partnership has committed to continue to comply with the conditions for eligibility, to be subject to examination by the Board, to comply with the Change in Bank Control Act, and to be subject to the enforcement provisions of the Federal Deposit Insurance Act to the same extent as if it were a bank holding company.

^{1/} Pub. L. 104-208, § 2610, 110 Stat. 3009.

– ^{2/} Bankshares will indirectly acquire 100 percent of D'Hanis State Bank, D'Hanis, Texas ("Bank").

Based on all the facts of record, including the representations made to the Board by the Partnership, the Board's General Counsel, acting pursuant to delegated authority, and after consulting with the Director of the Division of Banking Supervision and Regulation, has hereby determined that the Partnership is a qualified family partnership for purposes of the BHC Act. Any change in the facts relied on by the Board could result in reconsideration of this determination.

Very truly yours,

A handwritten signature in cursive script, appearing to read "William W. Wiles".

William W. Wiles
Secretary of the Board

cc: Ms. Karen A. Roberts
Federal Reserve Bank of Dallas
Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation