FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

AND

DEPARTMENT OF SAVINGS AND MORTGAGE LENDING
AUSTIN, TEXAS

In the Matter of	)	
	)	CONSENT ORDER
DALHART FEDERAL SAVINGS & LOAN ASSOCIATION, SSB DALHART, TEXAS	)	FDIC-24-0066b SML-257001
(Insured State Savings Bank)	)	

The Federal Deposit Insurance Corporation ("FDIC") is the appropriate Federal banking agency for DALHART FEDERAL SAVINGS & LOAN ASSOCIATION, SSB, DALHART, TEXAS ("Bank"), under 12 U.S.C. § 1813(q). The Department of Savings and Mortgage Lending ("SML") is the appropriate state banking agency for the Bank, under the Texas Savings Bank Act, Tex. Fin. Code § 91.001 et seq.

The Bank, by and through its duly elected and acting board of directors ("Board"), has executed a "STIPULATION TO THE ISSUANCE OF A CONSENT ORDER" ("STIPULATION"), dated November 22, 2024, that is accepted by the FDIC and SML. With the STIPULATION, the Bank, without admitting or denying any charges of unsafe or unsound banking practices relating to interest rate risk exposure, deterioration in capital protection and earnings, and deficiencies in management and oversight by the Board, has consented to the issuance of this CONSENT ORDER ("ORDER") by the Regional Director of the Dallas Regional Office of the FDIC ("Regional Director") and the Commissioner of the Department of Savings and Mortgage Lending ("Commissioner").

Having determined that the requirements for issuance of an order under 12 U.S.C. § 1818(b) and Tex. Fin. Code § 96.107 have been satisfied or waived, the FDIC and the Commissioner hereby order that:

COMPLIANCE COMMITTEE

1. Within thirty (30) days of the effective date of this ORDER, the Board shall establish a committee of the Board to monitor compliance with this ORDER. The committee, at a minimum, shall meet and report to the Board monthly with its findings recorded in the official minutes of the Board. The establishment of this committee shall not diminish the responsibility or liability of the entire Bank's Board to ensure compliance with the provisions of this ORDER.

STRATEGIC PLAN

2. (a) Within sixty (60) days after the effective date of this ORDER, the Bank shall prepare and adopt a comprehensive three-year strategic plan ("Strategic Plan"). The Strategic Plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written Strategic Plan shall address, at a minimum:

(1) Strategies for pricing policies and asset/liability management;

(2) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(3) Plans for attracting and retaining qualified individuals to fill vacancies in the lending and accounting functions;

(4) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings;

(5) The adequacy of the Bank's Allowance for Credit Losses;

(6) The anticipated level of retained earnings; and

(7) Anticipated and contingent liquidity needs.

(c) Such written Strategic Plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Bank's board of directors shall approve the written Strategic Plan, which approval shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank, its directors, officers, and employees shall follow the written Strategic Plan and/or any subsequent modification.

(d) Within thirty (30) days after the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the Strategic Plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Bank's board of directors' meeting at which such evaluation is undertaken.

SUCCESSION PLAN

3. Within ninety (90) days from the effective date of this ORDER, the Bank shall develop and adopt an acceptable management succession plan ("Succession Plan") that will provide for the orderly transfer of duties and responsibilities of senior management of the Bank. The adequacy of the Succession Plan shall be reviewed by the Regional Director and Commissioner based on subsequent examinations and/or visitations of the Bank. At a minimum, the Succession Plan shall:

(a) Identify key positions to include the President, Chief Executive Officer, Chief Lending Officer, Chief Financial Officer, AML/CFT Officer, and Information Technology Manager;

(b) Identify the current employee fulfilling the key position and the individual next in the line of succession;

(c) Outline the continuous training of individuals with the qualifications and abilities to manage the Bank if members of current senior management are unable to fulfill the duties of their positions;

(d) Identify the qualification criteria for prospective board members; and

(e) Outline the continuous recruitment and identification of individuals with the qualifications and abilities to join the board if current members are unable to fulfill the duties of their positions.

MANAGEMENT – BOARD SUPERVISION

4. Within thirty (30) days after the effective date of this ORDER, the Bank's board of directors shall increase its participation in the affairs of the Bank by assuming full responsibility for the approval of the Bank's policies and objectives and for the supervision of the Bank's management, including all Bank activities. The board's participation in the Bank's affairs shall include, at a minimum, monthly meetings in which the following areas shall be reviewed and approved by the board: reports of income and expenses including variances with budget; balance sheet; new, overdue, renewed, insider, charged-off, delinquent, nonaccrual, and recovered loans; investment activities; operating policies; and individual committee actions. The Bank's board of directors' minutes shall document the board's reviews, discussion, and approvals, including the names of any dissenting directors.

PROFIT PLAN

5. (a) Within sixty (60) days after the effective date of this ORDER, and within the first thirty (30) days of each calendar year thereafter, the board of directors shall develop a written profit plan ("Profit Plan") consisting of goals and strategies for improving the earnings of the Bank for each calendar year. The written Profit Plan shall include, at a minimum:

(1) Identification of the major areas in, and means by, which the board of directors will improve the Bank's operating performance;

(2) Realistic and comprehensive budgets; and

(3) A description of the operating assumptions that form the basis for and support major projected income and expense components.

(b) Such written Profit Plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Bank's board of directors shall approve the written Profit Plan, which approval shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank, its directors, officers, and employees shall follow the written Profit Plan and/or any subsequent modification.

BUDGET PLAN

6. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall implement a comprehensive budget ("Budget Plan") for all categories of income and expense for the calendar year ending 2025. The Budget Plan shall include formal goals and strategies, consistent with sound banking practices, and take into account the Bank's other written policies in

order to improve the Bank's net interest margin, reduce discretionary expenses, control overhead, and improve and sustain earnings of the Bank. The Budget Plan shall include a description of the operating assumptions that form the basis for, and adequately support, major projected income and expense components. The Budget Plan shall be submitted to the Regional Director and Commissioner review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Budget Plan, which approval shall be recorded in the minutes of the Board meeting.

(b) The Bank shall formulate such a Budget Plan by May 30 of each subsequent year, which shall also be submitted to the Regional Director and Commissioner review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Budget Plan, which approval shall be recorded in the minutes of the Board meeting.

(c) On a monthly basis, the Board shall evaluate the Bank's actual performance in relation to the Budget Plan required by this ORDER and shall record the results of the evaluation, and any actions taken by the Bank, in the minutes of the Board meeting at which such evaluation is undertaken.

LIQUIDITY AND FUNDS MANAGEMENT

7. (a) Within sixty (60) days from the effective date of this ORDER, the Bank shall revise its liquidity and funds management policy to strengthen the Bank's funds management procedures and maintain adequate provisions to meet the Bank's liquidity needs ("Liquidity and Funds Management Policy").

(b) The Liquidity and Funds Management Policy shall include, at a minimum, provisions that:

(1) provide a statement of the Bank's long-term and short-term liquidity needs and plans for ensuring that such needs are met;

(2) provide for cash flow monitoring frequency that is commensurate with the Bank's liquidity position;

(3) establish a reasonable range for its net non-core funding ratio as computed in the Uniform Bank Performance Report and shall address the means by which the Bank will seek to reduce its reliance on non-core funding and high cost rate-sensitive deposits;

(4) establish periodic cash flow stress testing across multiple time horizons for a variety of institution-specific and market-wide events;

(5) establish a Contingency Funding Plan that includes: (i) quantifiable liquidity stress events, (ii) identifies action plans for each stress event, and (iii) establishes early warning triggers that are tailored to the Bank's risk profile.

(c) The Liquidity and Funds Management Policy shall be submitted to the Regional Director and Commissioner review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Board shall approve the Liquidity and Funds Management Policy, which approval shall be recorded in the minutes of the Board meeting.

Thereafter, the Bank shall implement and fully comply with the Liquidity and Funds Management Policy.

(d) The Bank shall review annually its Liquidity and Funds Management Policy for adequacy and, based upon such review, shall make necessary revisions to the policy.

CAPITAL

8. (a) During the life of this ORDER, the Bank shall maintain a Leverage ratio of no less than 9.5 percent, Tier 1 capital ratio of 12.5 percent, and Total Capital ratio of 12.5 percent, as those terms are defined in Part 324 of the FDIC Rules and Regulations, 12 C.F.R. § 324.

(b) The level of Tier 1 Capital to be maintained during the life of this ORDER pursuant to paragraph 8(a) shall be in addition to a fully funded Allowance for Credit Losses ("ACL"), the adequacy of which shall be satisfactory to the Regional Director and the Commissioner as determined at subsequent examinations and/or visitations.

AUDIT

9. Within one hundred twenty (120) days of the effective date of this ORDER, the Board shall develop, adopt, implement, and adhere to a written plan to strengthen the audit function ("Audit Plan"). The Audit Plan shall at a minimum:

(a) Establish procedures to provide for an independent review of the integrity of the Bank's operational and accounting systems.

(b) Establish procedures for monitoring, tracking, and correcting audit findings;

(c) Establish procedures for independently validating corrective actions taken to address audit findings;

(d) Establish procedures for ensuring sufficient depth of the scope and frequency of audits; and

(e) Establish procedures to ensure audits are performed and reviewed in a timely manner.

INTEREST RATE RISK

10. (a) Within sixty (60) days from the effective date of this ORDER, the Board shall review and revise, as necessary, the Bank's written policy and procedures for managing interest rate risk ("Interest Rate Risk Plan"), taking into consideration examination findings. At a minimum, the Interest Rate Risk Plan shall include:

(1) Establishment of appropriate systems to identify, measure, and monitor interest rate risk over various time horizons;

(2) Specific risk limits, model assumptions, and parameters;

(3) Strategies to reduce and manage interest rate risk;

(4) A system for monitoring and reporting risk exposures to the Board;

(5) Designation of the oversight responsibility and authority for managing risk; and

(6) A system for internal controls, review, and audit to ensure the integrity of the overall risk management process.

(b) At least quarterly, the Bank shall analyze and measure its level of interest rate risk exposure. The level of exposure shall be maintained within the limits set forth in the Interest Rate Risk Plan. The Bank's interest rate risk position shall be reported to the Board at least quarterly. All exceptions to policy guidelines shall be approved by the Board, and applicable minutes shall address, in detail, the Bank's interest rate risk posture, areas of noncompliance with the policy, and strategies to be employed to bring the Bank into compliance with established policy parameters.

(c) Such Interest Rate Risk Plan and any subsequent modification thereto shall be submitted to the Regional Director and the Commissioner for review and comment. Within thirty (30) days from receipt of non-objection or any comments from the Regional Director and Commissioner, and after incorporation and adoption of all comments, the Bank's board of directors shall approve the written Interest Rate Risk Plan, which approval shall be recorded in the minutes of the Bank's board of directors. Thereafter, the Bank, its directors, officers, and employees shall follow the written Interest Rate Risk Plan and/or any subsequent modification.

DIVIDEND RESTRICTIONS

11. Following the date of this ORDER, the Bank shall not pay any cash dividends without the prior written consent of the Regional Director and the Commissioner. Written requests for such approval shall be submitted at least 30 days prior to the anticipated dividend declaration date.

PROGRESS REPORTS

12. The Board shall provide written Progress Reports to the Regional Director and the Commissioner outlining its progress toward complying with the terms of this agreement. The Board will provide these Progress Reports within thirty (30) days after each calendar quarter end. This requirement for Progress Reports shall continue during the life of this ORDER unless modified or terminated in writing by the Regional Director and the Commissioner.

BINDING EFFECT

13. The provisions of this ORDER shall not bar, estop, or otherwise prevent the FDIC or any other federal agency or department from taking any other action against the Bank or any of

the Bank's current or former institution-affiliated parties, as that term is defined in Section 3(u) of the FDI Act, 12 U.S.C. § 1813(u).

This ORDER shall be effective on the date of issuance.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that and until such time as any provision has been modified, terminated, suspended, or set aside by the Regional Director and Commissioner.

Issued Pursuant to Delegated Authority.

Dated this __26th___ day of ___November__, 2024.

/s/__________________________	/s____________________________
J. Mark Love	Hector Retta
Deputy Regional Director	Commissioner
Federal Deposit Insurance Corporation	Department of Savings and Mortgage Lending