



July 14, 2021

**CRA Decision #213
August 2021**

Robert N. Flowers
Stinson LLP
3102 Oak Lawn Avenue
Suite 777
Dallas, Texas 75219

Re: Branch Application by Texas Heritage National Bank, Daingerfield, Texas
Charter No. 4701; OCC Control No.: 2021-SO-Branch New-321361

Dear Mr. Flowers:

The Office of the Comptroller of the Currency (OCC) hereby approves the application by Texas Heritage National Bank, Daingerfield, Texas (Bank) to establish a branch at 4801 Spring Valley Road, Suite 110, Farmers Branch, Texas 75244, to be known as the Dallas Branch Office. This approval is granted based on a thorough review of all information available, including representations and commitments made in the application and by the Bank's representatives. Based on our review, the OCC determined that approval to establish the branch is consistent with the relevant statutory factors set forth in 12 USC 36, applicable state law, and with the Community Reinvestment Act (CRA), as more fully discussed below. This letter also serves as authorization for the Bank to establish Branch Number **213444A** at the above noted address.

I. Community Reinvestment Act

The CRA requires the OCC to take into account a bank's performance record in helping to meet the credit needs of its communities, including low-and moderate-income (LMI) neighborhoods, when evaluating applications for the establishment of a domestic branch. 12 USC 2903(a). The OCC considered the Bank's most recent CRA performance evaluation (PE), information available to the OCC as a result of its supervisory responsibilities, and a written public comment. Based on this review, the OCC has concluded that the Bank's record of performance under the CRA is consistent with approval of this application.

The OCC assigned the Bank an overall rating of “Outstanding” in its most recent CRA PE, dated December 18, 2019.¹ The major factors supporting this rating included: (i) lending activity that reflected excellent penetration of loans among farms of various sizes and among borrowers of various income levels; (ii) more than reasonable loan-to-deposit ratio (LTD); and (iii) a majority of the lending within the Bank’s assessment areas (AAs).

II. Summary of Public Comment and Applicant’s Response

The OCC received and considered one timely comment regarding the proposed transaction. The commenter opposed the establishment of a branch at the Dallas Branch Office location. The commenter expressed a series of concerns regarding the Bank’s branching and lending activities in low-income and high-minority communities, solutions for the unbanked or underbanked residents, and with the representation of African American and Hispanics in management and on the Bank’s board of directors. Specifically, the commenter stated that the Bank does not have any branch locations in low-income and high minority census tracts and suggested that the Bank consider locating its branch location in Southern Dallas. The commenter also stated that the Bank did not originate mortgage loans and small business loans to businesses with less than \$1 million in revenues in low-income and high minority census tracts. The commenter expressed concern that the Bank may redline and exclude Southern Dallas² from the Bank’s assessment area. Finally, the commenter asserted that the Bank does not employ African Americans or Hispanics in executive leadership or on the Bank’s board of directors.

In response to the commenter’s concerning regarding branching, the Bank represented that it does not currently have a branch location in Dallas County and the Bank will have one location in Dallas County if the Dallas Branch Office is approved.³ The Bank’s current branches are located in the Texas counties of Morris, Hopkins, and Upshur.⁴ The Bank acknowledged that it does not currently have any branch locations in low-income and high minority census tracts in the three counties in which it currently has branch locations, although two branch locations in Morris County are in underserved or distressed tracts. The Bank represented that the proposed Dallas Branch Office will be located within one-half of a mile of a low-income and high minority census tract and within 1 mile of another low-income and high minority census tract.

The Bank also acknowledged that it has not originated mortgage loans in low-income or high minority census tracts, but the Bank represented that it has originated mortgage loans in underserved or distressed census tracts in Morris County.⁵ The Bank stated that the

¹ The PE evaluated lending for the period from January 1, 2016, through December 31, 2018. The OCC evaluated the Bank’s performance using the small bank performance criteria. A copy of the PE is available at <http://www.occ.gov/static/cra/craeval/mar20/4701.pdf>.

² The commenter generally described “Southern Dallas” as those areas south of Interstate 30.

³ The Dallas Branch Office will be located in the Dallas-Plano-Irving Metropolitan Division (Dallas MD). The Dallas MD consists of seven counties, including Dallas County. The Dallas MD is in the Dallas-Fort Worth-Arlington, Texas Metropolitan Statistical Area (DFW MSA).

⁴ For purposes of the CRA, the Bank currently delineates two AAs, which consist of one non-MSA and one MSA. The non-MSA counties are combined into one AA, which includes Morris and Hopkins County and one census tract in Cass County. The MSA AA includes one census tract within Upshur County, which is in the Longview, Texas MSA.

⁵ As detailed in the 2019 PE, the Bank’s primary business focus has been in agricultural and consumer lending.

commenter's concerns that the Bank may redline or exclude Southern Dallas from its AAs are "merely conjecture." The Bank is subject to the OCC's ongoing supervisory program to monitor fair lending risk and compliance with the Equal Credit Opportunity Act (ECOA), the Fair Housing Act, and their implementing regulations.⁶

As to the commenter's concerns regarding the unbanked or underbanked, the Bank represented that it conducts outreach to this population through diverse means. The Bank stated that it has actively distributed educational materials provided by regulators to the unbanked and underbanked on topics such as deposit insurability and safety, budgeting, and financial literacy. The Bank also stated that it has established relationships with schools and educational institutions and sponsored events to promote financial literacy and education. The Bank represented that it is developing deposit programs for the unbanked and underbanked, which may include an entry level program for certificates of deposit, low-balance and low-free checking products, and certificate of deposit-secured or deposit-secured loan products. The Bank represented that it continues to develop an advisory board comprised of minorities and women that is committed to non-profit and financial literacy programs. The Bank stated that it is committed to direct community outreach programs, volunteerism, supporting non-profit organizations, and working with community organizations such as the commenter to address the needs of the unbanked and underbanked in the communities in which it operates.

Finally, with respect to the concerns regarding employment of African Americans and Hispanics in executive leadership, the Bank asserted that the commenter's statements are inaccurate. The Bank represented that a senior executive vice president and two members of the board of directors are Hispanic. The Bank represented that it does not discriminate on the basis of race, creed, color, ethnicity, or national origin in its hiring.

III. Summary of Consideration of the Public Comment

The OCC has considered all the facts of record, including the Bank's record under the CRA, confidential supervisory material, information provided by the Bank, and the public comment on the proposed transaction. Based on this review, the OCC finds the facts to be consistent with approval.

IV. Consummation Requirements

If the branch is not opened within 18 months of approval, the approval automatically terminates unless the OCC grants an extension.

Within 10 days of opening the branch, the Bank must advise this office of the branch's opening date, so the OCC may complete its records. Please reference the CATS Control Number in your correspondence.

⁶ 15 USC 1691 *et seq.*; 12 CFR Part 1002; 42 USC 3601 *et seq.*; 24 CFR Part 100.

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If a branch is closed, a 90-day advance notice of proposed branch closing must be submitted to the OCC pursuant to 12 USC 1831r-1. Following the expiration of the 90-day notification period, a final closing notice should be submitted to this office.

This 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 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.

If you have any questions, please contact Phyllis Williams at SO.Licensing@occ.treas.gov.

Sincerely,

/s/

Karen Marcotte
Director for Licensing Activities