

**OFFICIAL ORDER OF  
THE BANKING COMMISSIONER  
ORDER NO. 2010-069**

**IN THE MATTER OF:**

<b>CHARTER APPLICATION FOR</b>	<b>§</b>	<b>BEFORE THE</b>
<b>ADVANCE TRUST &amp; LIFE ESCROW</b>	<b>§</b>	<b>BANKING COMMISSIONER</b>
<b>SERVICES, LTA, WACO, TEXAS</b>	<b>§</b>	<b>STATE OF TEXAS</b>

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**ORDER APPROVING TRUST COMPANY CHARTER**

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Pursuant to Section 182.003 of the Texas Finance Code (the “Code”), I, Charles G. Cooper, Banking Commissioner of the State of Texas (the “Commissioner”), finds that after statutory notice was given to the public and to all interested parties in the manner provided by law, and after review and consideration of the application on file and the investigation report finds that:

1. The public convenience and advantage will be promoted by the establishment of the proposed trust company;
2. The proposed organizational and capital structure and amount of initial capitalization is adequate for the proposed business and location;
3. The anticipated volume and nature of business indicates a reasonable probability of success and profitability based on the market to be served;
4. The proposed officers and directors, as a group, have sufficient fiduciary experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the trust company will operate in compliance with law and that success of the trust company is probable;
5. Each principal shareholder has sufficient experience, ability, standing, competence, trustworthiness, and integrity to justify a belief that the state trust company will be free

from improper or unlawful influence or interference with respect to the trust company's operation in compliance with law; and

6. The organizers are acting in good faith.

THEREFORE, I, Charles G. Cooper, Banking Commissioner, hereby grant and approve the charter application of Advance Trust & Life Escrow Services, LTA, Waco, Texas, upon the following conditions:

- A. The proposed trust company will have initial total capital of \$885,000 in cash received in exchange for the issuance of 88,500 participation shares, \$5 par value, constituting all authorized participation shares of the company. Pursuant to Texas Finance Code (TFC) §182.008(e), the banking commissioner finds that \$885,000 is sufficient as the minimum amount of restricted capital required for the trust company to initiate operations consistent with safety and soundness, in light of the reasonableness of the trust company's business plan for retaining or acquiring additional restricted capital. Specifically, the trust company has undertaken to and shall immediately amend its articles to authorize additional participation shares, 61,500 of which must be immediately issued in exchange for contributed real estate valued at \$615,000 pursuant to a recent appraisal acceptable to the commissioner. After the real estate contribution and issuance of additional participation shares is completed, the trust company will have total capital of \$1,500,000, comprised of \$750,000 in capital stock and \$750,000 in additional paid-in capital, received in exchange for 150,000 issued and outstanding participation shares. All of the additional paid-in-capital must be designated as Certified Surplus under TFC

- §§182.105 and 181.002(a)(8). Pursuant to the trust company's business plan and application, the amount of restricted capital will thereafter be \$1,500,000.
- B. Advance Trust & Life Escrow Services, LTA will maintain no less than \$1,500,000 in restricted capital. In the event that restricted capital falls below \$1,500,000, Advance Trust & Life Escrow Services, LTA will take action to restore restricted capital to at least \$1,500,000 by no later than 30 days after the end of the quarter after the event occurs;
- C. Advance Trust & Life Escrow Services, LTA will provide the Commissioner with at least thirty days prior written notice of any proposed change of any individual to the board of directors or senior executive officer of Advance Trust & Life Escrow Services, LTA for a period of two years following approval of its charter;
- D. No dividends in excess of 67% of pre-tax net income will be declared or paid by Advance Trust & Life Escrow Services, LTA for the first three years of operation without the express written approval of the Banking Commissioner;
- E. From the date of this Order through the first three years of operation, the trust company will provide written notification to the Commissioner at least 60 days in advance of any material change in or deviation from the Business Plan submitted in the charter application, *including the intent to transfer an established book of business to an entity other than pursuant to an existing agreement or from another escrow agent/custodian.* The notice must contain, at a minimum, a summary of the anticipated change, any proposed management changes as a result of the change, pro forma financial statements that measure the impact of the change to actual and to the original plan, and the Board's risk assessment of the change. For the calendar years ending December 31, 2011, December 31, 2012, and December 31, 2013, the trust company will compare its

Business Plan to actual performance, noting and explaining in writing any material deviations and affirmative actions which will be taken to correct any materially adverse deviations. This comparison will be submitted to the Department of Banking on or before March 15 following each period;

- F. For the first two years of operation, the trust company will provide at least 30 days prior notice of any material change in the information technology plan which was reviewed as part of the charter investigation, including any change in customer electronic or internet account access or expansion in activities permitted through such access. The review period will commence upon receipt by the Commissioner of sufficient documentation to permit a review, and the proposed change[s] will not be implemented should the Commissioner object;
- G. Advance Trust & Life Escrow Services, LTA will obtain annual unqualified audits of its corporate financial statements and agreed upon audit procedures for its fiduciary activities;
- H. Advance Trust & Life Escrow Services, LTA will adopt the Statement of Trust Principles prior to opening;
- I. Advance Trust & Life Escrow Services, LTA will develop and implement a Director Training Program before the Certificate of Authority is issued. This Program will include, at a minimum, a review and assessment of the directors' training needs, identification of training providers, and a proposed training schedule for each director (only optional if exam recommends and supports deletion);

- J. Advance Trust & Life Escrow Services, LTA will not enter into any intercompany service or lease agreement with an affiliate without the prior written permission of the Commissioner; and
- K. The General Powers of a state trust company are enumerated in TFC §182.001(b). However, the General Powers of Advance Trust & Life Escrow Services, LTA, shall be limited to those described in TFC §182.001(b)(8), acting as custodian, assignee, transfer agent, escrow agent, registrar, or receiver. Upon written request the company may request additional General Powers which may be granted if the Banking Commissioner determines that the proposed activities are consistent with the conditions enumerated in TFC §182.003.

**IT IS THEREFORE ORDERED** that the application for a Texas state trust company for Advance Trust & Life Escrow Services, LTA, Waco, Texas, subject to the conditions set forth above and under Charter Number 1035-46, be and hereby is **APPROVED**.

Signed in triplicate original this 28<sup>th</sup> day of December, 2010.

/s/ Charles G. Cooper  
Charles G. Cooper  
Commissioner, Department of Banking