

HomeTown Bank_{N.A.}

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Galveston Friendswood League City

MEMBER FDIC

1801 45th Street • Galveston, Texas 77551 • (409) 763-1271 • P.O. Box 3909 • Galveston, Texas 77552

U.S. DEPARTMENT OF LABOR
PROCESSED
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JIMMY RASMUSSEN

President • CEO

September 12, 2006

Top Hat Plan Exemption
Employee Benefits Security Administration
Room N-1513
U.S. Department of Labor
200 Constitution Avenue N.W.
Washington, D.C. 20210

Re: *Alternative Method of Compliance with Reporting and Disclosure Requirements for Pension Plans Pursuant to Section 2520.104-23 of the Department of Labor Regulations*

Dear Sir or Madam:

This statement is being filed in accordance with the requirements of the captioned regulations and also in lieu of filing Internal Revenue Service Form 5500:

I. EMPLOYER NAME, ADDRESS AND TAXPAYER IDENTIFICATION NUMBER:

Home Town Bank, N.A.
P. O. Box 3909
Galveston, Texas 77552
Taxpayer Identification Number: 74-1541411

II. STATEMENT AS TO PLAN:

Home Town Bank, N.A. ("Bank") maintains, at the above address, the following plan for the benefit of a select group of management or highly compensated employees. The number of employees participating in the plan is 2.

HomeTown Bank, N.A., Galveston, Texas, 2006 Stock Appreciation Rights Plan (the "Plan").

1-DA/2029828.1

Main Bank • 1801 45th Street • Galveston, Texas 77550 • (409) 763-1271 • Fax (409) 763-8628 • P.O. Box 3909 • Galveston, Texas 77552
Seawall Branch • 4424 Seawall Boulevard • Galveston, Texas 77550 • (409) 763-5252 • Fax (409) 763-6175 • P.O. Box 3909 • Galveston, Texas 77552
Friendswood Branch • 3211 FM 528 • Friendswood, Texas 77546 • (281) 648-9000 • Fax (281) 648-2387 • P.O. Box 1468 • Friendswood, Texas 77549
League City Branch • 1406 W. Main • League City, Texas 77573 • (281) 554-3265 • Fax (281) 338-7408 • P.O. Box 1398 • League City, Texas 77574

Email: jrasmussen@hrtbna.com

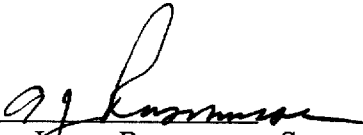
III. ERISA COMPLIANCE:

Bank does not intend the Plan to be an employee benefit plans as defined in section 3(3) of the Employee Retirement Income Security Act of 1974, as amended. However, the Bank is making this filing with respect to the Plan solely as a protective measure in the unlikely event that the Plan would be determined at some point to be an employee benefit plan as defined in section 3(3) of ERISA. This form and this filing are not, and should not be construed as, an admission by the Bank that the Plan is an employee benefit plan subject to ERISA for any purpose.

IV. COPY OF AGREEMENTS:

A copy of the Plan will be provided to the Department of Labor upon request.

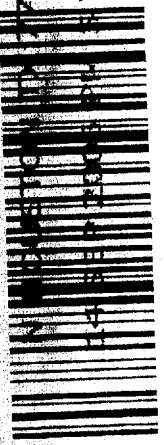
Sincerely,


Allan James Rasmussen, Sr.
President and CEO

Enclosures

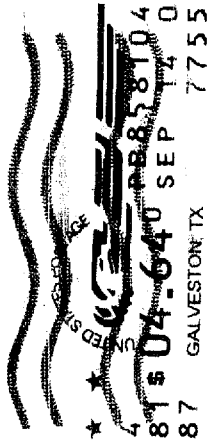
HomeTown Bank

MEMBER FD.I.C. N.A.
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8287 GALVESTON TX 7755

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